

it and any other of the parties or any third state is in conflict with the provisions of this treaty, and undertakes not to enter into any international engagement in conflict with this treaty.

#### ARTICLE 9

The parties hereby establish a Council, on which each of them shall be represented, to consider matters concerning the implementation of this treaty. The Council shall be so organized as to be able to meet promptly at any time. The Council shall set up such subsidiary bodies as may be necessary; in particular it shall establish immediately a defense committee which shall recommend measures for the implementation of articles 3 and 5.

#### ARTICLE 10

The parties may, by unanimous agreement, invite any other European state in a position to further the principles of this treaty and to contribute to the security of the North Atlantic area to accede to this treaty. Any state so invited may become a party to the treaty by depositing its instrument of accession with the Government of the United States of America. The Government of the United States of America will inform each of the parties of the deposit of each such instrument of accession.

#### ARTICLE 11

This treaty shall be ratified and its provisions carried out by the parties in accordance with their respective constitutional processes. The instruments of ratification shall be deposited as soon as possible with the Government of the United States of America, which will notify all the other signatories of each deposit. The treaty shall enter into force between the states which have ratified it as soon as the ratifications of the majority of the signatories, including the ratifications of Belgium, Canada, France, Luxemburg, the Netherlands, the United Kingdom, and the United States, have been deposited and shall come into effect with respect to other states on the date of the deposit of their ratifications.

#### ARTICLE 12

After the treaty has been in force for 10 years, or at any time thereafter, the parties shall, if any of them so requests, consult together for the purpose of reviewing the treaty, having regard for the factors then affecting peace and security in the North Atlantic area, including the development of universal as well as regional arrangements under the Charter of the United Nations for the maintenance of international peace and security.

#### ARTICLE 13

After the treaty has been in force for 20 years, any party may cease to be a party 1 year after its notice of denunciation has been given to the Government of the United States of America, which will inform the governments of the other parties of the deposit of each notice of denunciation.

#### ARTICLE 14

This treaty, of which the English and French texts are equally authentic, shall be deposited in the Archives of the Government of the United States of America. Duly certified copies thereof will be transmitted by that Government to the governments of the other signatories.

In witness whereof, the undersigned plenipotentiaries have signed this treaty.

Mr. WHERRY. Mr. President, it is 1 minute of 6 o'clock. Will the Senator yield for a question?

Mr. LANGER. I yield.

Mr. WHERRY. I am wondering if the distinguished Senator is at a convenient place in his address where he can discontinue this evening and resume tomorrow?

Mr. LANGER. I do not think I can finish tonight. I have a dinner engage-

ment with some postal employees from Pennsylvania, and I promised to be there at 6 o'clock.

Mr. WHERRY. Mr. President, will the Senator from North Dakota yield in order that I may propound a request to the distinguished Senator from Texas, the chairman of the Committee on Foreign Relations?

Mr. LANGER. Certainly; I yield.

Mr. WHERRY. I ask the distinguished Senator from Texas whether it is his purpose to continue the session, or how he would feel about a recess at this time?

Mr. CONNALLY. It is our purpose to recess until tomorrow at noon.

Mr. WHERRY. Is there any objection to the senior Senator from North Dakota continuing his address tomorrow?

Mr. CONNALLY. Personally I have no objection to his resuming the floor tomorrow, but I do not wish to enter into any agreement, because to do so would be an infringement of the right of whoever might be in the chair tomorrow to recognize whom he pleased. I do not think there would be any question about it, but I would not care to make an agreement.

The PRESIDING OFFICER. May the Chair state to the Members of the Senate who are present that it is the understanding of the Chair that, as set forth in rule XL—

Any rule may be suspended without notice by the unanimous consent of the Senate, except as otherwise provided in clause 1, rule XII.

Therefore it is the view of the Chair that, although rule XIX does provide that—

When a Senator desires to speak he shall rise and address the Presiding Officer, and shall not proceed until he is recognized, and the Presiding Officer shall recognize the first Senator who shall first address him—

Nevertheless, if a unanimous-consent agreement should be entered into this afternoon, that rule might be waived.

Mr. WHERRY. I am well acquainted with the rule the Chair has read, and I certainly agree with the distinguished occupant of the Chair as to his interpretation. By unanimous consent the Senate can do anything. I do not intend to press the distinguished Senator from Texas, but I feel that it would be most unfair to the Senator from North Dakota if he were not permitted, as a natural sequence, to conclude his address. If the distinguished chairman of the committee does not want to make an agreement, he might give us his assurance that the Senator might proceed.

Mr. CONNALLY. Of course, Mr. President, I recognize that a unanimous-consent agreement wipes out all rules, but I do not care to make a formal agreement in the absence of the Vice President and others. Personally, I shall not object to the Senator from North Dakota proceeding tomorrow, and I am sure that by my speaking to other Senators interested there will be no objection to his doing so.

Mr. LANGER. If I stop now and speak tomorrow, will that be considered my second speech on the pending question?

The PRESIDING OFFICER. The Chair rules that if objection should be made and the occupant of the chair tomorrow should recognize some other

speaker, and the Senator from North Dakota should later gain the floor, that would be his second speech. However, if the Senator shall gain the floor tomorrow without any objection being made, it is the judgment of the present occupant of the chair that that would be considered and should be considered as merely a continuation of the speech in which he is now engaged, and therefore his first speech on the subject.

Mr. WHERRY. Mr. President, if the distinguished Senator from North Dakota relies upon the assurance of the chairman of the Committee on Foreign Relations that there will be no objection—

Mr. CONNALLY. There will be no objection so far as I know.

Mr. WHERRY. I should like very much, if possible, to assure the Senator from North Dakota that he might continue tomorrow.

Mr. CONNALLY. May I inquire of the Senator from North Dakota how long he thinks he will occupy the floor tomorrow?

Mr. LANGER. In my judgment, about an hour and a half.

Mr. CONNALLY. Is that the best guess the Senator can make?

Mr. LANGER. That is my estimate, about an hour and a half. It may be 2 hours.

Mr. CONNALLY. Very well.

Mr. WHERRY. What assurance does the Senator have that he may proceed?

Mr. LANGER. The word of the Senator from Texas is good. That is all settled.

Mr. CONNALLY. I cannot control every other Senator, but so far as I am concerned, the Senator may proceed tomorrow.

Mr. LANGER. Very well.

#### RECESS

Mr. CONNALLY. Mr. President, I move that the Senate stand in recess until 12 o'clock tomorrow.

The motion was agreed to; and (at 6 o'clock and 4 minutes p. m.) the Senate took a recess until tomorrow, Thursday, July 14, 1949, at 12 o'clock meridian.

#### NOMINATION

Executive nomination received by the Senate July 13 (legislative day of June 2), 1949:

#### IN THE ARMY

##### CHIEF OF CHAPLAINS

Col. Roy Hartford Parker, O12565, Chaplain, United States Army, for appointment as Chief of Chaplains, United States Army, and for appointment as major general in the Regular Army of the United States, under the provisions of section 15, National Defense Act, as amended, and title V, Officer Personnel Act of 1947.

## HOUSE OF REPRESENTATIVES

WEDNESDAY, JULY 13, 1949

The House met at 12 o'clock noon.

The Acting Chaplain, Rev. Jacob S. Payton, D. D., offered the following prayer:

Our Heavenly Father, this day we pray that we may consider what is good in Thy sight rather than what seems good in our own. May we not ask formally for

Thy strength and wisdom without making an effort to use what we already have. With pride and gratitude, O Lord, we recall the long and glorious struggle by which human liberties have been won. With concern we see the disappearance of these liberties in certain lands. May Members chosen to represent the people in this body remain dedicated to the ideals of truth and righteousness upon which this Nation was established and upon which alone free governments can survive. For Jesus' sake we pray. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McDaniel, its enrolling clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1803. An act to authorize the attendance of the United States Marine Band at the Twenty-third Annual Convention of the Reserve Officers' Association of the United States, to be held in Grand Rapids, Mich., July 27 through July 30, 1949.

The message also announced that the Vice President has appointed Mr. JOHNSTON of South Carolina and Mr. LANGER members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers referred to in the report of the Archivist of the United States numbered 50-2.

#### EXTENSION OF REMARKS

Mr. WOODRUFF. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the RECORD and include a very wonderful article by Mr. Charles Irwin Wilson, president of the General Motors Corp., entitled "Americans Are Lucky." It is one of the finest articles I have ever read. I have presented this to the Public Printer, and the expense will be \$240, but I ask unanimous consent that it be printed notwithstanding.

The SPEAKER. Notwithstanding, and without objection, the extension may be made.

There was no objection.

Mr. SMITH of Wisconsin asked and was given permission to extend his remarks in the RECORD and include excerpts.

Mr. LODGE asked and was given permission to extend his remarks in the RECORD in two instances and include extraneous material.

Mr. GOODWIN asked and was given permission to extend his remarks in the Appendix of the RECORD in two instances and in each to include an editorial.

#### FEDERAL JUDGES AS CHARACTER WITNESSES

Mr. SMITH of Wisconsin. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SMITH of Wisconsin. Mr. Speaker, the Hiss trial in New York has raised a number of interesting questions. One of the most important, in my opinion, is the propriety of United States Supreme Court Justices as character witnesses in behalf of defendants. I do not know if these men appeared voluntarily or by subpoena but the fact remains that they are now disqualified from participating in this case in the event it should ever reach the Supreme Court on appeal. Appearances by judges of our Federal courts in any litigation is, in my opinion, against the public interest. Further, it is beneath the dignity of these courts.

Mr. Speaker, I am today introducing a bill to provide that no Federal judge shall be compelled to appear as a witness in any judicial action where such appearance would be as a character witness. I trust the proper House committee will give it early consideration.

#### RECONSIDERATION OF RECIPROCAL TRADE AGREEMENTS

Mr. TOLLEFSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. TOLLEFSON. Mr. Speaker, "Chickens come home to roost" is an apt proverb. The concessions which we have made in negotiating trade agreements are coming home to plague us. Uncontroverted testimony taken recently before the House Merchant Marine and Fisheries Committee showed very clearly that increased imports of fresh and frozen fish products have brought about great unemployment in New England fish areas—in some cases reaching 50 percent. Anticipated new imports threaten the fishing industry in California and the Pacific Northwest. Management and labor are both considerably concerned. The future of our fishing industry is uncertain.

But fisheries are only one segment of our economy. As many Members know, other segments are beginning to feel the full effects of reciprocity carried to an extreme and without due regard to the welfare of domestic industry.

In my own area imports of Canadian berries produced with lower cost labor have disrupted the market to such an extent that much of last year's domestic crop is still in cold storage. Imported berries undersell our own, and the local berry growers are faced with a genuine problem.

Our lumber industry is hard hit. Some mills are closing down. Others are curtailing production. Unemployment is increasing. In my congressional district is located the lumber capital of America. Yet, Canadian producers of lumber have come into that district and have underbid local manufacturers. They offer to deliver lumber right into the heart of that district at a cost less than that of the domestic producer. They are able to do so because of their much lower labor costs and because of our reciprocal trade theories as presently

practiced by those charged with negotiating trade agreements.

It is high time we took another look at the reciprocal trade-agreements legislation. While we support the general theory of reciprocal trade, many of us feel that not sufficient regard has been accorded domestic industry. There is peril in that disregard.

The AP carried a story Sunday, quoting Senator HOWARD McGRATH, chairman of the Democratic National Committee, to the effect that an effort is being made in the other body to reach a compromise on the reciprocal trade-agreements bill. The proposal involves the peril-point amendment which has been strongly supported by many Congressmen.

This amendment, which was defeated in the House, would require the Tariff Commission to fix in advance the low point to which duties could be reduced without damaging American industry. It would report its findings to the President for his information in the negotiation of tariff agreements.

The possibility of a compromise probably arises from the many job lay-offs that have occurred in recent weeks, particularly in New England. However, that may be, I sincerely hope that the peril-point amendment will receive favorable action, and when the bill comes to conference I trust that the House conferees will concur in the Senate amendment.

#### EXTENSION OF REMARKS

Mr. LANE asked and was given permission to extend his remarks in the RECORD in two instances and in each to include an editorial.

Mr. GOSSETT asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial from the Memphis Commercial Appeal.

Mr. EVINS asked and was given permission to extend his remarks in the RECORD in two instances, in one to include an editorial and in the other an address by Gen. Bedell Smith before the conference of governors.

Mr. FORAND asked and was given permission to extend his remarks in the RECORD and include a copy of the bill he is today introducing.

Mr. TAURIELLO asked and was given permission to extend his remarks in the Appendix of the RECORD and include an article from the Buffalo Evening News.

Mr. HEBERT asked and was given permission to extend his remarks in the RECORD and include a newspaper article.

Mrs. ST. GEORGE asked and was given permission to extend her remarks in the Appendix of the RECORD and include an article by Dorothy Thompson.

#### RETIREMENT OF DR. DAVID J. PRICE

Mr. COMBS. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. COMBS. Mr. Speaker, the Department of Agriculture has announced that Dr. David J. Price, distinguished chemical engineer and expert on the

causes and prevention of dust explosions and agricultural fires, retired from service in the Bureau of Agricultural and Industrial Chemistry on June 30, after more than 37 consecutive years of Federal service.

Dr. Price has been designated by the Secretary of Agriculture to represent the Department in many national undertakings. At the request of Gov. James V. Allred, he was directed by the Secretary of Agriculture to investigate the cause of the New London, Tex., school explosion which occurred on March 18, 1937, and took the lives of 293 pupils and teachers. The report of his investigation was presented to the Senate by Senator CONNALLY and it was published as Senate Document No. 56—Seventy-fifth Congress, first session. The recommendations in this report were applied in many school buildings and places of public assembly in all sections of the United States, which resulted in the adoption of precautionary measures for the protection of life and property.

Dr. Price has long worked closely with firemen's groups throughout the United States as a firemen's training consultant on fires involving chemicals and farm products. Widely known for his work in promoting accident and fire prevention in industrial centers, on farms, and in rural communities, he has been honored by membership in the International Association of Fire Fighters, the International Association of Fire Chiefs, and many State and local firemen's associations. He is internationally known for his outstanding contributions in promoting accident- and fire-prevention work for the greater safety of workers in industry and agriculture.

Two outstanding examples of national service rendered by Dr. Price are his service on the committee named by President Roosevelt to organize the fire-fighting procedures in the civilian defense program in World War II and President Truman's National Conference on Fire Prevention, in which he served as the Department of Agriculture representative on the Committee on Fire Fighting Services.

The Committee on Civilian Defense organized a system to round out our defense structure which could be quickly and easily expanded to meet any emergency. The organization developed was not only effective during the war period but has been of great value in meeting devastating peacetime disasters such as fires, floods, earthquakes, tornadoes, hurricanes, explosions, and similar catastrophes, many of them occurring in farm and rural areas.

Dr. Price leaves behind him an enviable record of accomplishment in the Department of Agriculture in the practical application of the results of scientific research for the saving of life and property in both industrial centers and farm and rural communities.

#### SPECIAL ORDER GRANTED

Mr. HOFFMAN of Michigan asked and was given permission to address the House for 10 minutes on Monday next at the conclusion of the legislative business of the day and other special orders heretofore granted.

#### THE LATE FRANK J. G. DORSEY

Mr. GREEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GREEN. Mr. Speaker, Frank J. G. Dorsey, a former member of this body, is dead. I knew him as friend, adviser, and inspiration to young men starting on a political career. He represented our district in the Seventy-fourth and Seventy-fifth Congresses. Frank accomplished what then seemed the impossible, a Democratic Congressman elected from a district that had sent nothing but Republicans to the House in the previous 24 years. The story of his great abilities preceded him to Washington, for he was appointed to a major committee as a freshman Congressman, the Military Affairs Committee.

Much of the New Deal legislation was written while he served in this House. When TVA legislation was almost stymied in the Military Affairs Committee, President Roosevelt held a man-to-man talk with Frank at the White House, and he was able to influence enough cocommitteemen to have the bill reported out to the floor. What Tennessee Valley Authority meant to American production in the last war is now well established in our minds.

Congressman Dorsey went all out and down the line 100 percent for the Roosevelt program. I can well remember when our honored Speaker was majority leader of the House. He accompanied Frank to our district, where they engaged the counsel of a local utility company in public debate on the then pending Wheeler-Rayburn bill, particularly on the subject of holding companies.

In his youth Frank Dorsey was an athlete of renown. He and his brother Harry were champion runners, trained by an athlete father. Our former Congressman was captain of the University of Pennsylvania track team. He graduated from the Wharton School of the University of Pennsylvania with high honors. Frank enlisted in the Army in World War I and came out a first lieutenant. He was past post commander of Oxley Post, American Legion, and past district commander. His only other fraternal connection was the Knights of Columbus, of which he was a fourth-degree member. His council, St. Leo's, had honored him with high office, as had the district Knights of Columbus.

His last 10 years were occupied with managership of the Wage and Hour Division at its Philadelphia office. He made life difficult for chiseling manufacturers and thereby evoked the hearty approval of the many decent employers and labor as well.

Sincere, honest to the penny, indefatigable worker, fair and sympathetic, the wages-and-hours offices in Pennsylvania join me in declaring our loss. We extend our heartfelt sympathy to the beloved wife and daughter and to the brother and sisters who survive Frank.

Never was a man more loved by his family. Few who have held high offices have enjoyed such genuine esteem from fellow workers.

Mr. GREEN. Mr. Speaker, I ask unanimous consent that all Members of the Pennsylvania delegation may have permission to extend their remarks on the life, character, and public service of our late colleague.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

#### FEDERAL JUDGE KAUFMAN

Mr. MACY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MACY. Mr. Speaker, the charge has been made on the floor of the House by Republican and Democratic Members of this body that Judge Kaufman, who presided in the Alger Hiss trial, was guilty of conduct reflecting discredit upon the bench. This serious charge presumably applied to the general conduct of the judge during the trial.

Today I want to inform the House of a specific example of the judge's conduct in which he tried to intimidate the press. The judge said, from the bench, that it was unfortunate that there was so much comment in the press about the trial. He said reporters and columnists had no right to express their views on the trial, and I quote:

What the court can do about it, I do not know, but after the conclusion of this trial that subject should be considered, either by the court or through some other method.

Mr. Speaker, I label such an unprecedented and unheard-of statement by a Federal court judge a direct threat to the freedom of the press.

I am proud to say that the press was not intimidated by this unusual statement by Judge Kaufman, and Congress has not been intimidated either by political attempts to silence criticism of his bias for Alger Hiss.

Of course, the judge has a perfect right to protect proceedings before him from any outside interference or influence that would be prejudicial to justice. Had Judge Kaufman limited himself to that area, he would not be subject to criticism by me now. The bench is amply empowered to handle such matters. He went far beyond his authority. What did he mean by some other method?

What did the judge mean by such a challenge? In the history of American courts I do not believe such a similar statement has ever been made. What plans did he have to make the American press succumb to his will? Now that the trial is ended what is he going to do?

Gentlemen, Judge Bean is long dead, and his methods must not be revived in today's courts.

It is the duty and obligation of the press to watch the courts and the judges the same as it is for the press to keep an eye on the operations of all American institutions.

No judge will be criticized who does not earn that criticism. If his conduct is above reproach it cannot be smirched.

I agree with my colleagues that Judge Kaufman's conduct reflected discredit upon the bench. Furthermore, I accept the judge's challenge to muzzle the press. Almost a week has passed since the trial ended, and the judge has not carried out his threat. I trust that his wiser colleagues on the bench have pointed out his indiscretion to him. What is his next step going to be?

#### EXTENSION OF REMARKS

Mr. MULTER asked and was given permission to extend his remarks in the Appendix of the RECORD and include extraneous matter.

Mr. KEOGH asked and was given permission to extend his remarks in the RECORD and include an article by Robert Moses, of New York.

Mr. LICHTENWALTER asked and was given permission to extend his remarks in the Appendix of the RECORD and include a statement on the death of a former Member.

Mr. PHILLIPS of California asked and was given permission to extend his remarks in the Appendix of the RECORD and include an editorial.

#### ARE WE APPROACHING SOCIALISM?

Mr. SMITH of Ohio. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SMITH of Ohio. Mr. Speaker, step by step the Congress is annihilating the free enterprise system and taking the Nation into the mire of socialism; that is, tyranny. The Poage bill, which would put the Washington bureaucrats in the telephone business, is just another move in that direction. Being free from paying taxes and having their losses made good by taxpayers, it eliminates competition for them, thus placing them in the position of undermining and destroying the privately developed telephone service of the country.

#### FORT SUMNER IRRIGATION DISTRICT, NEW MEXICO

Mr. PETERSON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 276) to authorize a project for the rehabilitation of certain works of the Fort Sumner irrigation district in New Mexico, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman explain this bill?

Mr. PETERSON. Mr. Speaker, this has to do with the Fort Sumner irrigation project in New Mexico. The bill passed the House last year. Now it has passed the Senate.

Mr. MARTIN of Massachusetts. How much money is involved?

Mr. PETERSON. One million, eight hundred thousand dollars, all of which is reimbursable.

Mr. MARTIN of Massachusetts. This bill was unanimously approved by the committee?

Mr. PETERSON. It was unanimously approved by our committee and it passed the Senate unanimously.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There being no objection, the Clerk read the bill, as follows:

*Be it enacted, etc.,* That, for the purpose of providing water for the irrigation of approximately 6,500 acres of arid lands on the Pecos River in New Mexico, the Secretary of the Interior is hereby authorized to rehabilitate, operate, and maintain in accordance with the Federal reclamation laws (act of June 17, 1902, 32 Stat. 388, and acts amendatory thereof or supplementary thereto) the irrigation system of the Fort Sumner irrigation district in New Mexico and to construct all necessary works incidental thereto: *Provided*, That the project shall not be initiated until contracts satisfactory to the Secretary of the Interior shall have been executed with—

(a) an irrigation or conservancy district, satisfactory in form and powers to the Secretary and embracing the lands of the project as determined by him, obligating the district, among other things, (i) to repay to the United States without interest the cost of rehabilitating and constructing the project, the terms to be such as will secure repayment as rapidly as, in the judgment of the Secretary, the district can reasonably be expected to make repayment and, in any event, within the useful life of the project; (ii) to pay for or otherwise provide adequate operation and maintenance, including replacements, of the project works during the period of the contract; and (iii) to furnish the Secretary with such control over and access to project works which are owned by or within the control of the district as he may require in order to safeguard the investment of the United States in the project; and

(b) the holder or holders of at least 90 percent of the outstanding general obligation bonds of the Fort Sumner irrigation district providing for such refinancing or cancellation of those bonds and scheduling of payments of principal and interest called for thereby as the Secretary believes necessary in order to insure fulfillment of the obligations required under (a) above.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

#### FEASIBILITY OF AN ADDITIONAL CROSSING OF SAN FRANCISCO BAY

Mr. WELCH of California. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks and include a statement by John J. Manning and also a report by the Secretary of Defense with reference to a second crossing over San Francisco Bay.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. WELCH of California. Mr. Speaker, yesterday Admiral John J. Manning, Chief of the Bureau of Yards and Docks, made an astounding statement designed to put the "kiss of death" on a report of a joint Army-Navy board of engineers, created by an act of this House, and filed with this body, and a report of the Military Establishment by intimating the unbelievable, that the

Secretary of Defense was about to stultify himself by repudiating his former decision with reference to the second San Francisco Bay crossing.

Mr. Speaker, while seriously deploring Admiral Manning's untimely statement, we should, however, remember those splendid men who, in the recent past, patriotically and unselfishly guided the destiny of that important branch of our national defense—the Navy—Hon. John L. Sullivan, the late Hon. James Forrestal, and the Honorable Francis P. Matthews, who in their turn all unqualifiedly approved the report of that joint Army-Navy board of engineers and the report of the Secretary of Defense, the Secretary of the Army, and the Secretary of the Navy, who favored a southern crossing and were against the proposed carbon-copy parallel bridge which, should it be built, must of necessity run through Yerba Buena Island, a United States Government-owned island. We should also keep in mind the outstanding and patriotic leadership of the chairman of the Armed Services Committee of this House, the gentleman from Georgia, the Honorable CARL VINSON, and the no less capable ranking minority Member, the gentleman from Missouri, the Honorable DEWEY SHORT.

#### SPECIAL ORDER GRANTED

Mr. PATMAN asked and was given permission to address the House for 20 minutes today after disposition of matters on the Speaker's table and at the conclusion of any special orders heretofore entered.

#### RURAL TELEPHONE SERVICE

Mr. COOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 2960) to amend the Rural Electrification Act to provide for rural telephones, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 2960, with Mr. PRICE in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, action had been taken that debate on the committee amendment and all amendments thereto close in 15 minutes.

Mr. LECOMPTE. Mr. Chairman, I ask unanimous consent that the Hope amendment be again read.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The Clerk again read the Hope amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. YATES].

Mr. YATES. Mr. Chairman, I rise in opposition to both the committee amendment and the amendment to the committee amendment which has been offered by the gentleman from Kansas [Mr. HOPE].

I want to state first, that I am very much in favor of the principle of this act in seeking to provide telephone service in our rural areas. Just as the REA legislation brought the lamp of electricity to the farmhouses, this legislation will bring the farmer in direct communication with the community in which he lives, and will remove the isolation which is now his lot in many sections of our Nation.

The committee has stated that the only purpose of the amendment is to reaffirm the fact that the bill does not propose to interfere with the rights of the State public utility regulatory agencies in supervising the operations of private telephone companies operating within their jurisdiction. If this be true, there is no need for the amendment because the Federal Government cannot interfere with such jurisdiction. I am impressed, however, with the fact that while the intention of the amendment is therefore meaningless, its vagueness and ambiguity may create some difficulties as a matter of interpretation. It is entirely possible that cooperatives and public corporations, which are not subject to regulation by public utility agencies in most States might, by a strict interpretation of the language of the amendment, be precluded from applying for funds unless they obtain certificates of convenience and necessity from the public utility commissions. If this interpretation be adopted, it will in truth be directly contrary to stated intention of the amendment by compelling a procedure which is not now required.

I am opposed, as well, to the Hope amendment, inasmuch as it would create a new precedent in legislation of this type. The Hope amendment would prevent all duplication of facilities, even though in many cases such duplication may be essential in the public interest. No such provision exists in the present rural electrification legislation and certainly does not exist in legislation creating the Tennessee Valley Authority and other public power projects.

The future, however, may indicate that a duplication of service is needed where the service afforded in a particular area does not meet the public need. While I would want the operator offering existing service to be given the opportunity to provide and expand his facilities, I would not want to remove the possibility of permitting a new operation where required. Furthermore, I believe the Hope amendment would deter the organization of cooperatives in areas in which they may be needed, in order to protect the consumer from inadequate service and exorbitant rates.

The CHAIRMAN. The Chair recognizes the gentleman from New Hampshire [Mr. COTTON].

Mr. COTTON. Mr. Chairman, without seeking to detract from the gentleman from Texas, it so happens that as a member of the Committee on Agriculture I offered in committee the amendment which is now before you as the committee amendment. At that time in its original form it somewhat resembled the amendment offered by the gentleman from Arkansas, but after long and careful discussion and consideration it was

felt, I think, by all of us on that committee that the amendment in that form would lead to complications and would curtail and restrict the benefits of this measure. Therefore, we adopted the amendment in its present form. However, as has been brought out, it extends only to 15 States. The perfecting amendment offered by the gentleman from Kansas remedies this defect and lays down a policy which in my opinion safeguards and protects this measure from the objections that many might have regarding it as encroaching upon private enterprise. I hope that the committee amendment and the perfecting amendment offered by the gentleman from Kansas will be adopted, and with those safeguards, I can with confidence vote for this bill.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. H. CARL ANDERSEN].

Mr. H. CARL ANDERSEN. Mr. Chairman, the need for this legislation is not very acute in my district, the Seventh of Minnesota. In almost every village in the district we have small telephone companies in operation which, in most instances, are prepared to give good service to any farmer in their immediate areas.

However, this is not the case in many parts of the United States. For example, testimony has been given to the House to the effect that less than 4 percent of the farmers in the State of Mississippi have telephones in their homes. We must, of course, protect the interests of the telephone companies now serving their communities and see to it that duplicating lines are not brought into these areas with funds provided in this bill. It is my understanding that the amendments which are under consideration now will prevent that possibility. In Minnesota, for instance, our Railroad and Warehouse Commission will have the right, under this bill, to determine whether or not the REA should make a loan in any particular community. With these safeguards in the bill and knowing as we all do the splendid job which REA has performed in bringing electricity to the rural sections of America, I do not think we need fear but what this legislation will benefit everyone concerned. The companies now giving telephone service to our numerous communities have 6 months priority over any other applicants, during which time they may ask for loans from the REA, at the very low rate of 2 percent interest, for the purpose of improving and expanding their systems. Many of our smaller companies have need of these loans and can use them to advantage.

The telephone is more of a necessity in the farm home than it is in the village. It is a great comfort and satisfaction to rural people to know that if they need a doctor in an emergency they have a telephone close at hand. In this day of almost complete mechanization on the farm, it is also comforting to know that if a combine breaks down, the farmer can step to the telephone and find out where he can obtain the necessary repairs instead of traveling many useless miles looking for a dealer who has the parts he needs.

We need only to consider the splendid record of repayment of loans by our REA associations to know that the loans made available under this legislation will have the same record of reimbursement.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I intend to support the perfecting amendment offered by the gentleman from Kansas and the committee amendment, and I intend to vote against the substitute amendment offered by the gentleman from Arkansas. I think by following that procedure we will have a good bill, and I hope it will pass.

Mr. LEMKE. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. LEMKE. Mr. Chairman, I am in favor of this bill. I am in favor of the Poage-Hope amendments. These amendments will protect the small independent companies. They are entitled to protection.

I am especially in favor of this bill, because I believe that all farmers are entitled to telephone service. In many parts of my State and in many other parts of other States, the farmers have been and are deprived of proper telephone service.

The enactment of this bill will not only save the farmers unnecessary trips to the cities and villages, but it will enable them to do part of their business by phone. It will also help the businessmen in the cities and towns. It will establish a closer contact between city and rural people.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. MARTIN].

Mr. MARTIN of Iowa. Mr. Chairman, I am greatly pleased to note that the committee report on the rural telephone bill, H. R. 2960, shows that of 208,934 farms in Iowa 165,760 have telephones. This percentage of 79.3 percent is the highest percentage of farms equipped with telephones of any State in the entire Nation. While most of the farms of Iowa have telephone service, and most of this service is satisfactory today, much of Iowa's rural telephone service is very unsatisfactory because of the cost of adequate service due to distances involved and other factors some of which make it unfeasible for existing telephone companies to extend adequate service without the risk of great financial loss.

The Rural Electrification Administration was created on May 11, 1935, by an Executive order issued by the President under the authority of the Emergency Relief Appropriation Act of 1935. The original program was for only 1 year, but Congress later authorized a 10-year program by enacting the Rural Electrification Act of 1936. The REA became an agency of the Department of Agriculture on July 1, 1939, under the Reorganization Plan which became effective on that date.

REA was established to make loans at low interest to cooperatives, municipalities, other public bodies and private utilities to finance the construction and operation of facilities to furnish electricity to persons in rural areas not receiving central station service. In Iowa we have come to look upon REA as a very successful and popular agency because it has brought electric service to or within reach of nearly every Iowa farm without intruding upon the field served by the private electric utilities.

When the suggestion was first made to the farmers of Iowa that REA be given the authority to make loans to improve rural telephone service, the farmers of Iowa looked upon the matter with approval because of their confidence in REA and their belief that REA could extend them service where needed without intruding upon the field already adequately served by private companies.

H. R. 2960, a bill to amend the Rural Electrification Act to provide for rural telephones, and for other purposes, was introduced in the House of Representatives on February 24, 1949, by Mr. Poage and referred to the Committee on Agriculture. The bill was reported out of Committee on March 9, 1949.

H. R. 2960 would expand the existing lending authority of the Rural Electrification Administration so as to authorize the Administrator to make loans for the purpose of financing or refinancing the improvement, expansion, construction, acquisition and operation of telephone lines, facilities or systems to furnish and improve telephone service in rural areas.

Such loans could be made for periods not exceeding 35 years at an interest rate of 2 percent per year on unpaid balances. The loans would be self-liquidating over their terms.

Among other things the bill provides:

(a) That in making loans the Administrator shall give preference to persons providing telephone service in rural areas on the effective date and to public bodies, cooperative, nonprofit, limited dividend, or mutual associations;

(b) That for 6 months after the effective date applications shall be received only from persons engaged in the operation of rural telephone service;

(c) That when the Administrator determines it to be necessary to furnish or improve service in rural areas, loans may be made to finance the improvement, expansion, and construction of telephone lines, facilities, or systems operated outside of rural areas;

(d) That the Administrator shall not make any loan unless he finds and certifies that in his judgment the security is reasonably adequate and that repayment will be made within the agreed time;

(e) That the bill shall not be construed to deprive any State regulatory agency of its jurisdiction to regulate telephone service not subject to regulation by the Federal Communications Commission; and

(f) The Committee on Agriculture very wisely provided by the Committee amendment now under consideration that in States in which rural telephone service is subject to State regulation and

certification, loans will be restricted to applicants holding the required State certificates of convenience and necessity.

The amendment offered by the gentleman from Kansas [Mr. HOPE] to the committee amendment provides further that—

In a State in which there is no such agency or regulatory body, legally authorized to issue such certificates to the applicant, the Administrator shall determine, and his determination shall be final, that the loan sought to be obtained will not result in the duplication of telephone service being offered to subscribers who are already receiving adequate and reliable telephone service.

The proposed amendment and the amendment offered by the gentleman from Kansas [Mr. HOPE] will go far in protecting the telephone companies engaged in extending service to our farmers. I know that leading farmers of my district and of the State of Iowa feel that existing companies should be given a reasonable time to prove their intentions to provide service and I do not believe that any State regulatory body will issue a certificate of convenience and necessity to an applicant until existing companies have such reasonable time. I do not believe that the Administrator should deprive existing companies of such reasonable time to prove their intentions to provide service. If this safeguard is given to private telephone companies by the adoption of the committee amendment and the amendment offered by the gentleman from Kansas [Mr. HOPE] the bill will fill a very real need of our farmers and it is deserving of support and I will support it vigorously.

Mr. LOVRE. Mr. Chairman, in the First District of South Dakota, one of the greatest agricultural districts in these United States, the people are generally rugged individualists. I am proud if I carry that spirit to the halls of Congress. As a champion of the free-enterprise system, I naturally would not want to have a part of any legislative program which would harm in any way the spirit of individual initiative and the cherished free-enterprise system in America.

The farmers of the First District of South Dakota are dependent upon me to do what I can to promote legislation which is in their interest. Therefore, I have a grave obligation to them to lend my support to legislation which would be beneficial to them. They have indicated, and statistics also reveal, a real need for expanded and improved rural telephone service. Many areas of South Dakota are not adequately served by telephone lines and I feel that it is of the most critical importance that the farmer have outside communication. In many cases, the rural dweller has a far greater need for easy means of communication than his city cousin. The remote areas, where in reality telephone services are the most badly needed, have, in many cases, been neglected.

While I recognize the magnificent strides that have been made by the private, independent, and cooperative telephone companies in extending rural facilities, the fact still remains that only about half of the farm homes in this country have telephone service. In

South Dakota this figure is something like 45 percent.

These figures, together with the urgent pleas of the people, point up the need for some method of bringing telephone communication to the farms, ranches, and rural areas of this country.

How can we best accomplish this? As I said before, I firmly believe in the free-enterprise system. This spirit has made America what it is today. Without destroying or impairing the free-enterprise concept, I believe the Government can offer assistance in providing service where it is so badly needed.

I have made a careful study of H. R. 2960, the rural-telephone bill which is before us. I have also viewed with a good deal of interest the amendments which have been offered to that measure. I believe the measure, with the proposed committee and Hope perfecting amendments points out a solution to the critical needs for extending service to farm consumers. It is my conviction that H. R. 2960 encourages rather than destroys the free-enterprise system. The provisions of the bill are applicable to all companies on like terms.

The REA idea as applied to the distribution of electrical energy has proved to be sound. Through this program, we have built up the percentage of electrified farms from a national average of 11 percent to about 75 percent today. While South Dakota lags behind in percentage of electrified farms, huge strides are being made by the REA in bringing central station electrical service to rural homes.

I believe the idea of the REA could be applied to the telephone problem with equally beneficial results. If the one is sound, the same principle applied to the other should be equally as stable.

When the REA came into being, vast rural areas were without electrical service. This problem was solved, in part, through the organization of farmer cooperatives and rural associations. In the case of telephones, the situation is somewhat different as there are a good many small private and independent companies operating in rural areas. In South Dakota I believe there are some 700 telephone companies of which 583 are rural farm lines. Practically all of these are owned by farmers who by very considerable expense and sacrifice have constructed and maintained them for many years. Some of these lines have been furnishing service for 30 or 40 years. Many of them are in bad physical condition, and will be glad of an opportunity to obtain loans at 2 percent for rehabilitation according to reliable information I have received.

These organizations and their customers can reap the greatest benefits from the easy credit which this bill makes available. In fact, a clear priority is given to these concerns now in existence which I believe is correct and proper.

There are further safeguards to the public in this measure. One would require that proof of capacity to provide rural service be made to the REA Administrator. An additional safeguard, which I believe is carefully and specifically spelled out in the bill with the

amendments, is the provision leaving regulatory powers with the several States. This makes very clear the prohibition of any Federal interference with State policy concerning communication construction. It further places authority in the hands of the State regulatory bodies to protect the interests of the public, the taxpayers, and the business itself through requiring certificates of convenience and necessity before telephone-construction loans could be authorized. This would place control of the program where it belongs, as close as possible to the people themselves. This safeguard should also allay any fears that public funds might be used to finance duplicating lines and that such a program would destroy private business.

I am happy to support this bill with the committee amendment and the perfecting amendment by my distinguished colleague the gentleman from Kansas [Mr. HOPE]. These amendments which protect the public interest in all of the States, whether or not they have regulatory bodies, provide that no construction loans shall be made in any State which now has or may have a regulatory body, without a certificate of convenience and necessity if such is required. Furthermore, if a State does not have a regulatory body legally authorized to issue such certificates the Hope amendment is specific in directing that no loans be granted by the REA Administrator which will result in duplication of telephone service to subscribers who are already receiving adequate and reliable telephone service.

I believe this legislation will provide the necessary credit to bring telephone facilities to the farmer and while carefully protecting—in fact actually assisting and promoting—the free-enterprise system. It provides the monetary support necessary to bring badly needed communications to the farmer.

Money to be expended under this proposal would not be spent but merely invested in long-term Government loans. We can be perfectly consistent in demanding economy in Government and in insisting on the preservation of the free-enterprise system and at the same time support this bill, which I feel is of vital importance to the American farmer.

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. LeCOMPTE].

Mr. LeCOMPTE. Mr. Chairman, anyone who has ever lived in a rural community knows the importance and value of rural telephone service. We have reached a point where farms can hardly operate efficiently without telephone service. I am happy to join with my colleague the gentleman from Iowa [Mr. MARTIN] in calling attention to the fact that we do have very extensive rural telephone service in Iowa. I think it is important to adopt the perfecting amendment offered by the gentleman from Kansas [Mr. HOPE] which amends the committee amendment so as to be certain that we will not have duplication. There is no headache more annoying than two telephone systems in the same community. The farmers will not thank this Congress if we pass legislation that

opens the gates for duplication of telephone services all through the rural sections. I think that with these amendments, which I believe the great Agriculture Committee is ready to accept, Mr. Chairman, we will have an excellent bill, and I will be happy to vote for the bill. The REA has brought electricity to thousands of farm homes and I have been happy to support the program consistently. Now we have electricity to an estimated 80 percent of the farms in Iowa. We must continue to improve the efficiency and utility of agriculture.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. COOLEY].

Mr. COOLEY. Mr. Chairman, I desire to repeat that the Hope amendment is a good amendment and should be adopted. When the Hope amendment is adopted and added to the committee amendment the bill will then provide protection for private companies and likewise it will provide protection of Government funds. None of us want loans granted to cooperatives to be used in duplicating telephone facilities which are now adequate and through which satisfactory telephone service is being made available. The amendment offered by my friend from Arkansas should not, in my opinion, be adopted. The committee amendment plus the Hope amendment is as far as we should go. The committee amendment requires that a certificate of convenience and necessity be obtained by the applicant if there is a duly constituted and legally authorized regulatory agency in the State in which the application is filed. If no such agency exists and there is no person, committee, commission, or agency authorized to deal with the subject and charged with the responsibility of issuing such certificates of convenience and necessity, such State could, of course, legally create and authorize such agency, committee, or commission, and when so created and authorized then the convenience and necessity certificate would have to be obtained. In this connection I desire to again emphasize the fact that we have no right in this bill, or for that matter in any other bill, to require States to create agencies and to charge them with responsibilities such as appear to us to be either necessary or desirable. But, when the Hope amendment is adopted and an applicant in a State which has no regulatory body legally authorized and charged with the responsibility of making the determinations incident to the issuance of certificates of convenience and necessity, then and in that event, under the Hope amendment, the Administrator will be charged with the responsibilities of first determining that the loan will not be used to duplicate existing facilities which are adequate and which are rendering satisfactory service. What more could we do? What more should we do? The Gathings amendment should be defeated. The Hope amendment should be adopted, and the committee amendment should be approved.

We know that the private operating companies, now engaged in the telephone business, are not in favor of this legislation. I doubt if it could be amended so as

to meet with their approval. We know, too, that private telephone companies are not expanding rural telephone lines as rapidly as they should be expanded. It is only reasonable to believe that the construction, maintenance, and operation of rural lines is more expensive and less profitable than telephone lines in heavily populated areas. This bill will bring great relief to the rural sections of America and it should be approved in the form in which it is presented to this House. I urge you, therefore, to accept the committee amendment and to approve the Hope perfecting amendment and to defeat the Gathings amendment.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

The question is on the amendment to the committee amendment offered by the gentleman from Kansas [Mr. HOPE].

Mr. SMITH of Wisconsin. Mr. Chairman, I ask unanimous consent that the amendment be again read for the information of the committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The Clerk again read the Hope amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. HOPE] to the committee amendment.

The amendment to the committee amendment was agreed to.

The CHAIRMAN. The Clerk will again report the substitute amendment offered by the gentleman from Arkansas [Mr. GATHINGS].

The Clerk again reported the substitute amendment.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Arkansas [Mr. GATHINGS].

The substitute amendment was rejected.

The CHAIRMAN. The question recurs on the committee amendment as amended.

The committee amendment was agreed to.

Mr. SUTTON. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. SUTTON: On page 4, line 1, after the word "associations", strike through the word "areas", on line 6.

Mr. SUTTON. Mr. Chairman, as I stated yesterday, I offered this amendment in the Committee of Agriculture to strike out this provision. The amendment was defeated by one vote in the Committee on Agriculture. Personally I think this is a good amendment. I think it is proper to strike out this section, for this reason: This proviso in the bill permits the big telephone companies, who now control 82 percent of the telephones of America, to more or less gobble up all of the money at 2 percent. It is my understanding that the intent of Congress in the passage of this bill is to provide rural telephones instead of making a loan of cheap money to the giant telephone companies.

We all realize, and common sense tells us, that any big concern, like the American Telephone & Telegraph Co. or the Southern Bell, or any other existing company today, would like to borrow every dime that the REA will have to loan at 2 percent. If we give them 6 months' preference in borrowing this money, no co-op will ever have a chance to borrow a dime. It stands to reason, since these big companies have not extended telephone service to some of our remote and rural areas before now, they will not do it at all even with this money, because under the provisions of this bill they cannot only construct, but they can also improve the lines that they now have. By providing this 6-month provision they will borrow all this money and not let the co-ops borrow a single dime, because at the end of 6 months there will not be any money left.

They will improve the lines if they have the right to do so; as a result, there will be no more telephones in remote areas than we have at the present time. I believe, in all fairness to the farmers and the people in the remote areas, that their service should be extended and improved. The entire intent and purpose of this bill is to promote telephone service to those people in remote areas that private concerns have not yet served, and I do not see why we will not let them have the money to improve their own situation today, and especially in the rural areas. And for this reason I offer this amendment to reach the people out in the country, to reach the people who will be unable to get telephones if this provision is not stricken out, because if these private concerns who now own 82 percent of the telephones will not go out to these remote areas, it is up to the co-ops and other private individuals who want to go into this business to seek to borrow this money not 6 months after this bill is enacted, but from the date this bill is enacted, and put up the telephone exchanges and take telephones out to these remote areas, the phones that we actually need in the rural sections of our country.

I hope, Mr. Chairman, that the committee will go along on this amendment. As I stated twice previously, this amendment was defeated by only one vote in the committee. It was brought up and no one knew about the amendment until it was read. The bill was read and we had no consideration of it whatsoever by way of debate. In all fairness, I think after we have thought about it, and I feel that the chairman, after he has thought about it, will not personally disagree with this amendment; that he will realize that it is a good amendment to strike this section out. I am not going to put him on the spot by asking him to make the statement that he thinks it is a good amendment, but this amendment was offered in all sincerity in lieu of the first bill as a compromise between the American Telephone & Telegraph Co. and the other extreme. I still say it is class legislation, and class legislation is strictly unconstitutional. I hope the committee will agree to this amendment.

Mr. PHILLIPS of Tennessee. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. PHILLIPS of Tennessee. Mr. Chairman, I am supporting the rural telephone bill, which is an amendment to the Rural Electrification Act, and I am voting for it because I believe it is in the national interest, and will promote the general welfare of the people of this country.

I believe that one of the greatest services that has been rendered the rural people of this country in recent years was the passage of the Rural Electrification Act. I believe in the private-enterprise system of America. There is nothing in the proposed legislation that will in any way interfere with the continued development of private industry. The Bell Telephone Co., along with other telephone companies, has neglected the rural districts of this country. Our farm population is entitled to telephone service.

The proponents of this bill do not advocate the construction of parallel lines, so as to destroy private investments of individual citizens who are already engaged in the telephone business. This bill if properly administered and placed in effect will guarantee adequate telephone service and the improvement and expansion of existing telephone facilities, and the construction and operation of additional facilities so that the telephone service will be made available to the widest practicable number of rural users of telephones.

Reliable information shows that the United States as a whole has actually lost rural telephones, and that the number has decreased since 1920. In 1920, according to statistics, 38 percent of the rural homes of America were supplied with some form of rural telephone service. In 1945, which is the latest figure, it appears that only 31 percent of the rural homes have telephones. It is estimated that almost two times as many rural homes have electricity as there are rural telephones. There is much to be done in the field of rural electrification, as well as in the continued development of our telephone service.

Electric lights and proper communications are beneficial to the people of this country. For example, in my own State of Tennessee, out of a total of 234,431 farms, 36,365 had rural telephones, or there were 198,066 farms without telephone service. The percentage of farms with telephones in 1920 in the State of Tennessee was approximately 22.5. The percentage in the 1945 census had fallen to 15.5. I use these figures for the purpose of showing the great need for expansion of telephone facilities into the remote areas throughout the State of Tennessee, and a similar condition prevails in many other States.

The farm in this country has become both a place of business and a home. The telephone is needed so that the farmer can transact his business. It will aid the farmer in meeting emergencies. He may need the telephone to call a doctor, as well as many other good reasons for this much-needed service.

The bill under discussion authorizes and empowers the Administrator of Rural Electrification to make loans with an interest rate of 2 percent for the purpose of financing, improving, and expanding telephone lines anywhere that a need is established for such service. Independent telephone companies—and there are many thousands in this country—will be permitted to take advantage of the loan provisions so as to expand into areas where the service is needed. Many telephone companies have neglected to expand into the rural areas, and have adopted the policy of developing the most profitable areas, including towns and cities, and have deprived millions of people of the advantage of telephone service which will adequately meet the needs of all of the people.

Mr. POAGE. Mr. Chairman, the gentleman from Tennessee suggested that this 6 months' period was not in the original bill; that is true. In all frankness, I did not put it in, but after it was suggested that it would be desirable to put it in for 60 days—the telephone companies asked for 60 days—I felt, and I suggested, that we should make it at least 6 months, not for the purpose of giving the American Telephone & Telegraph Co. any special advantages, but because there are 53,000 little telephone companies over the United States. I think in all fairness we want this bill to make every reasonable provision to enable those people who are now giving telephone service to improve their own service if they can.

This is not a vindictive bill; it is not a bill to destroy anybody; this is a bill to enable those people who are giving telephone service but who have not the finances to provide the type of service they would like to provide; to enable them to have the means of making those extensions and improvements. We feel we should give them this special period to aid them in providing rural telephone service, to extend telephone service where it is needed. I feel that in all fairness we should retain the provision of the bill that gives to the existing operators, and there are 53,000 little operators, but just one American Telephone & Telegraph Co.—and they will not borrow any of this money because they have repeatedly said they would not. They make their money by financing their subsidiaries.

Mr. GRANGER. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. GRANGER. The gentleman from Tennessee made the statement that this provision would result in the money not being spent in the real extension of telephone service.

Mr. POAGE. They cannot borrow it for any other purpose.

Mr. SUTTON. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. SUTTON. The bill provides for improvements as well as construction.

Mr. POAGE. If you improve the service you certainly provide telephone service.

Mr. SUTTON. Improvement and extension.

Mr. POAGE. And extension. That means getting telephones to the rural places where people need it and where we want them to have it. We want lines extended to farms that have no phones and we want the services improved for farms that now depend on whoop-and-holler service over barb wire fences.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. I notice that the sentence which immediately follows the clause proposed to be stricken reads as follows:

The Administrator in making such loans shall, insofar as possible, obtain assurance that the telephone service to be furnished or improved thereby will be made available to the widest practicable number of rural users.

Mr. POAGE. That is right. We are trying to get what we call area coverage in the REA. You know what we mean by area coverage. We are trying to see that the telephone service reaches all the rural people. It would be a big mistake to adopt the pending amendment; therefore I hope the committee will vote it down.

Mr. SUTTON. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Tennessee.

Mr. SUTTON. May I call attention to this language "for the purpose of financing or refinancing the improvement, expansion, construction, acquisition, and operation of telephone lines, facilities, or systems to furnish and improve telephone service in rural areas."

Mr. POAGE. That is right.

Mr. SUTTON. It is not only for the construction of new lines.

Mr. POAGE. It is to provide needed service whether it involves either extension or improvement. It is just as important that you have a telephone line you can hear over as to have some kind of an ornament in your living room. We are not interested in putting some furniture in your house; we want to put something in there that you can talk over and we believe this bill will achieve that object.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Pennsylvania.

Mr. FULTON. When you put in a provision that simply has the basis of distinction between two classes of people, that they are in business at the present time or not, is that not a provision which is against the Constitution of the United States and will this not be knocked out anyhow?

Mr. POAGE. I do not hold myself out as a constitutional lawyer, but I would not think it is a violation of the Constitution of the United States. I think it is a very reasonable classification and a very fair classification. I am not going to argue with the gentleman about constitutionality, but I do know it is a practicable, a fair, and a reasonable proposition and I think the courts will sustain it.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. WIER. Mr. Chairman, I move to strike out the last word to make one observation in reference to this particular amendment.

Mr. Chairman, I am going to support the amendment offered by the gentleman from Tennessee because it is my belief that what we are doing is offering a subsidy to the Bell Telephone Co. that is not necessary for the telephone company. If the Bell Telephone Co. finds the opportunity is necessary and the need is there the Bell Telephone Co. of this Nation has sufficient funds and sufficient machinery to do the job which is necessary without offering them this subsidy. I think this is really offering a subsidy.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. WIER. I yield to the gentleman from North Carolina.

Mr. COOLEY. We feel that the Bell Telephone Co. does not need the money and probably will not apply for the money. But what about these 53,000 little companies that are struggling to exist in competition with the powerful Bell Telephone Co.? What we have in mind is to help the little rural telephone company that needs a little financial assistance to rebuild or to rehabilitate their lines in order to give better service. We give them 6 months within which to apply for a loan and they must obtain the loan for the specific purpose of rendering a better service. If we do not have this provision in here the little companies that are now struggling might be put out of business by newly created cooperative associations. That is the very purpose it was put in here; namely, to protect the little rural company. I do not think we need to worry about the big telephone companies of America running in to borrow this money.

Mr. WIER. Is it not true when these telephone companies came here to protect their interest, protect their investments and protect their field, all that they asked in the establishment of the REA telephone system was that you would not go into their field and become competitors? Is not that what they asked for?

Mr. SUTTON. Mr. Chairman, will the gentleman yield?

Mr. WIER. I yield to the gentleman from Tennessee.

Mr. SUTTON. How many of those 53,000 companies are controlled by the Bell Telephone Co.?

Mr. WIER. The Chairman will have to answer that.

Mr. COOLEY. I do not know that I clearly understood the question because of the confusion nearby. What was the question?

Mr. WIER. The gentleman from Tennessee [Mr. SUTTON] asked the question. I did not ask the question.

Mr. SUTTON. How many of those 53,000 companies are controlled by the Bell Telephone Co.?

Mr. COOLEY. I do not know that any of the 53,000 companies referred to by the gentleman from Texas [Mr. POAGE] are controlled by the Bell Telephone Co.

Mr. WIER. My answer is that I have no objection to offering assistance to those rural companies, whether they be private, stock, or mutual, but I do want

to close the door to the Bell Telephone Co. grabbing up this subsidy.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. WIER. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. I might inform the gentleman that in Minnesota there are 2,100 small companies, 1,900 of which are small cooperative farm companies and, of course, they are not controlled, any of them, by the Bell Telephone Co.

Mr. WIER. They are controlled to this extent, that the Bell Telephone Co. controls their outlets.

Mr. AUGUST H. ANDRESEN. Well, on long-distance calls.

Mr. WIER. And they could not survive without that service.

Mr. AUGUST H. ANDRESEN. That is true all over the United States, for every company.

Mr. SUTTON. Mr. Chairman, will the gentleman yield?

Mr. WIER. I yield to the gentleman from Tennessee.

Mr. SUTTON. Is it not true that in every State you have a State law providing that priority be given to existing companies, and also do you not have priority of purpose in the preceding section of this bill whereby the existing companies are protected, more so, and you do not even need this section in the bill in the first place, because you already have given that priority to existing companies, and this cuts off anybody else for 6 months?

Mr. WIER. That is my opinion.

Mr. SUTTON. It should be stated that it actually gives the Southern Bell and the Bell Telephone companies and the American Telephone & Telegraph Co. a subsidy of this money that we have in the REA.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. CASE of South Dakota. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I shall need but half a minute. Two comments I would like to make: One is that any rural telephone company needs to have good outlets if they are to give efficient telephone service, long distance as well as local calls. The other point I would like to stress is that there is no sentence in the bill which requires the administrator to make any loans to anybody. He may be limited in his reception of applications for 6 months, but he does not have to loan a dime. If you think the administrator of the REA is going to use up all the money and give it to some big telephone trust in 6 months, you have a different conception of him than I have.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Kansas.

Mr. HOPE. Does not the gentleman think it is quite remarkable that the Bell Telephone Co. expects to get some of this money and that they are carrying on an active fight against the bill at this time?

Mr. CASE of South Dakota. That speaks for itself.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. I yield to the gentleman from Texas.

Mr. POAGE. Might it not be an indication that the bill is about at the right point when we take into consideration the fact that yesterday Members criticized the bill because it did not extend this period for a longer time, and suggested it should be 18 months or 2 years? Now, on the other side there are those who criticize it for extending it 6 months. Might this not be a happy solution?

Mr. CASE of South Dakota. I think the bill is now well balanced. I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee [Mr. SUTTON].

The question was taken; and on a division (demanded by Mr. SUTTON) there were—ayes 19, noes 120.

So the amendment was rejected.

Mr. McMILLAN of South Carolina. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McMILLAN of South Carolina: On page 3, line 22, after the word "areas:", insert the following: "Provided, however, That no loans are made which would result in the duplication of lines or services in an area, except where existing telephone systems in that area are unable or unwilling to provide service within a reasonable period of time."

Mr. McMILLAN of South Carolina. Mr. Chairman, I voted for this bill in committee. I fully realize the need for rural telephone service in this country. Having been born and reared on a farm, I know it is a necessity and not a luxury to have a telephone on the farm.

We have a good bill before us, but I think it can be improved by adding a few amendments. I do not think there is any harm whatever in adding a few safeguards to be certain that private industry in this country is fully protected.

We should spell out in this bill just what we mean by duplication of lines and service. Since coming to Congress I have had many complaints from my constituents that we give the departments in Washington too many blank checks, and that we should spell out what we mean when laws are enacted. I think there is nothing to lose by adopting my amendment telling the Administrator that we do not care to have two telephone systems in the same community fighting for the right to install a telephone in a man's house. We do not need to waste the taxpayers' money in placing duplicate lines to the same house.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. McMILLAN of South Carolina. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. As I understand, the gentleman's amendment provides that the Administrator shall make a determination that existing companies are either unwilling or unable to furnish the service, and if he finds that, then he can go head and permit the REA or somebody else to get the money and put in the service.

Mr. McMILLAN of South Carolina. The gentleman is correct. It also means that if a man has a telephone and does not care for the rural-telephone people

to come in with another telephone to his house in competition, maybe at a little lower cost, that will not happen.

Mr. AUGUST H. ANDRESEN. The sole purpose of the gentleman's amendment is to prevent duplication of systems of telephones where they already exist, in order to protect the money that the Government is putting into this to the REA, and also protect existing facilities.

Mr. McMILLAN of South Carolina. Yes, sir. The reason I am voting for this bill is because I want people who do not have telephone service to get that service.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. McMILLAN of South Carolina. I yield.

Mr. ALBERT. Does not the gentleman believe that the matters about which he expresses concern are taken care of by the Hope amendment?

Mr. McMILLAN of South Carolina. It is possible, but I think it should be spelled out and let the Administrator of this act know just what we mean.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. McMILLAN of South Carolina. I yield.

Mr. AUGUST H. ANDRESEN. The gentleman's amendment will not interfere in any manner with the Hope amendment, will it?

Mr. McMILLAN of South Carolina. It will not interfere with the Hope amendment.

Mr. AUGUST H. ANDRESEN. It strengthens it.

Mr. McMILLAN of South Carolina. Yes; I think it will add to it.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. McMILLAN of South Carolina. I yield.

Mr. GROSS. Does not the Hope amendment provide for the question of duplication?

Mr. McMILLAN of South Carolina. It does. It leaves it up to the Administrator to say exactly what duplication is.

Mr. GROSS. What the gentleman does by his amendment is to set up an area basis, is that correct?

Mr. McMILLAN of South Carolina. That is right.

Mr. GROSS. And the gentleman also brings in the question of what is a reasonable length of time, is that true?

Mr. McMILLAN of South Carolina. The main thing my amendment does is to prevent duplication of telephone service in the same house.

Mr. GROSS. That is already covered in the Hope amendment, is it not?

Mr. McMILLAN of South Carolina. I do not think so. The Hope amendment helps, but this will add to it. It is along the same line and adds to it and strengthens it.

Mr. GROSS. What is the gentleman's definition of an area for the purpose of telephone service?

Mr. McMILLAN of South Carolina. If a private company has a telephone line in a small community and was trying to furnish service there in that immediate community, I do not think the REA should step in to try to give telephone

service to that community and build duplicating lines.

Mr. GROSS. That is what you consider to be an area, is that right?

Mr. McMILLAN of South Carolina. That is right.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. COOLEY. Mr. Chairman, I arise in opposition to the amendment.

Mr. Chairman, this amendment is even worse than the amendment offered by the gentleman from Arkansas. I desire to direct your attention again to the language of the amendment which reads as follows:

*Provided, however, That no loans are made which would result in the duplication of lines or service in an area except where existing telephone systems in that area are unable or unwilling to provide service within a reasonable period of time.*

What is meant by "an area"? Who is to determine what is meant by "an area"? Who would be charged with the responsibility of making the necessary determinations with regard to the ability or the willingness of existing companies to provide service? Who would determine what is "a reasonable period of time"? Would all of these determinations be made by utility commissioners or would such determinations be made by the Administrator? The author of the amendment stated that he is trying to "spell out" the powers and authorities herein granted. It would be difficult to conceive of more ambiguous language than that which is contained in the gentleman's amendment.

Mr. McMILLAN of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. Yes, of course; I yield to the gentleman.

Mr. McMILLAN of South Carolina. Has not the gentleman experienced some difficulty with the REA Director, so far as duplication of services is concerned by the REA?

Mr. COOLEY. I agree with my friend, the gentleman from South Carolina. I do not want to see the REA or the rural telephone authority duplicating adequate services in any area of the country. I feel that the Hope amendment which charges the Administrator with the responsibility of making a finding to the effect that the money will not be used to duplicate existing adequate facilities provides a degree of protection for the telephone companies that is not now enjoyed even by the power company. I know what the gentleman from South Carolina has in mind, and in such instances had the Administrator been charged with the responsibilities placed upon him by the Hope amendment the situation might have been otherwise.

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. POAGE. Would it not become necessary under the terms of this amendment in deciding whether an operator was willing to make an extension to employ some kind of mind reader, or a person who could gaze into a crystal ball, or read tea leaves, to find out what was the will of the operator and what was in the mind of the operator?

Mr. COOLEY. I think the gentleman is right. I do not question the sincerity of my good friend from South Carolina, but he left the impression that if this amendment were adopted only the Administrator would determine the area, and would make these other very important and necessary determinations. But the fact is, if this amendment is adopted, the courts of the country would determine. The courts would be called upon to make impossible determinations, because, as pointed out by the gentleman from Texas [Mr. POAGE] it involves the workings of the human mind to determine whether or not the officials of private companies are willing and ready to provide the service. It does not even say they have to provide adequate service.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. AUGUST H. ANDRESEN. In the Hope amendment, of course it leaves it to the Administrator to make the determination.

Mr. COOLEY. That is right.

Mr. AUGUST H. ANDRESEN. Will the gentleman state that it is crystal clear that the REA shall not go in and build duplicate facilities where a local company is willing and able to provide the service?

Mr. COOLEY. Yes; I think it is clear that REA shall not make loans to build duplicating facilities where a local company is willing and able to provide adequate service. This is why we have given private local companies now in operation the exclusive right for the first 6 months to apply for loans. If the Hope amendment is agreed to, I have every reason to believe that the Administrator will administer the program in a manner which will be compatible with the letter and spirit of the law.

Mr. AUGUST H. ANDRESEN. Is it not the intention of this bill that the REA should provide money to build duplicating systems?

Mr. COOLEY. Certainly it is not. This amendment offered by the gentleman from Kansas [Mr. HOPE] to the committee amendment will clearly indicate that Congress does not intend that this money shall be used to duplicate existing facilities.

Mr. AUGUST H. ANDRESEN. I know that when my distinguished chairman speaks, that is the intent of Congress on this particular question.

Mr. COOLEY. It is perfectly clear. I do hope that this amendment will be defeated, because I think that to all intents and purposes it would involve this whole authority in a multiplicity of lawsuits and in endless litigation.

The CHAIRMAN. The time of the gentleman has expired. All time has expired.

The question is on the amendment offered by the gentleman from South Carolina [Mr. McMILLAN].

The question was taken; and on a division (demanded by Mr. McMILLAN of South Carolina) there were—ayes 34, noes 92.

So the amendment was rejected.

Mr. ALLEN of Illinois. Mr. Chairman, I offer an amendment which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. ALLEN of Illinois:

On page 3, line 17, after the word "loans", insert "at not less than 2½ percent."

And on page 3, line 18, strike out the words "terms and."

The CHAIRMAN. The gentleman from Illinois is recognized for 5 minutes in support of his amendment.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. PACE. Would the effect of the gentleman's amendment be to raise the rate of REA loans as well as telephone loans to 2½ percent?

Mr. ALLEN of Illinois. No; It has no jurisdiction.

Mr. PACE. The bill under consideration is an amendment to the REA act, and I am afraid that might be the effect of the amendment; but the gentleman did not intend that?

Mr. ALLEN of Illinois. I do not intend that to happen.

Mr. Chairman, I started out being opposed to the bill and I am still opposed to it; but I do want to congratulate the Committee on Agriculture for providing that there shall be no competition. We have those provisions and their assurance that there will not be any competition or any duplication. I am also very happy that the bill still provides that no loans shall be made by the Administrator for 6 months except to existing companies.

The reason I am still opposed to this bill is, as I mentioned yesterday, this Nation owes \$252,000,000,000, which is more than the total assessed valuation of all the property west of the Mississippi River. At the present time, each month, we are gradually increasing our expenditures over our declining receipts; for instance, last month and the month before we spent \$300,000,000 more than we received, and our revenue is going down. No one has been able to say what the actual cost of the bill will be and the Director of the Budget has not given his approval. We know that we owe a great amount of money; and, I repeat, we are going \$300,000,000 deeper into debt each month. So I am still opposed to this bill.

Frankly, I would rather this amendment raised the interest rate to 4 percent, because the independent companies now are paying the RFC 4 percent on identical 10-year loans. Having talked with my friend, the gentleman from Texas [Mr. PATMAN], and the gentleman from Michigan [Mr. CRAWFORD], it is my understanding that on long-term money the Government is paying a trifle less than 2.2 percent interest. This being so, I cannot conceive why anyone who wants to borrow would not be willing to pay 2.5 percent. That would take care of the over-all interest rate plus administration.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. ALLEN of Illinois. I yield.

Mr. BROWN of Ohio. I think the purpose the gentleman has expressed in his address is a remarkable one. I note that he quoted the cost of money to the Gov-

ernment at this time at less than 2.2 percent, or about 2.18. Is not that the cost to the Government over all, including the cost of short-term money at about .75 percent and including the cost of money borrowed at 2.75, and some that, I think it was stated, we paid 2.9 on? In other words, that is an average figure?

Mr. ALLEN of Illinois. That is correct; the over-all picture is 2.182 at the present time.

Mr. BROWN of Ohio. And this is long-term money; we are making these loans for long periods of time; is not that correct?

Mr. ALLEN of Illinois. That is correct. I may also add that I personally favor 4 percent, but I have every reason to believe that such a rate would not be accepted.

Mr. SUTTON. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Illinois [Mr. ALLEN].

Mr. Chairman, this same thing came up in committee. It is the same old story since 1933. It is an effort to tear down TVA and REA, to which organizations we are still lending money. We have lent over \$900,000,000 to REA at this present rate of interest.

Mr. Chairman, as I stated, this is an effort of the gentleman to destroy the REA system of America. It is part of the same effort that has been made ever since Franklin Roosevelt came to the White House. I hope the committee will see this concerted effort to destroy the REA system, I hope the committee will observe that this is the means of getting the camel's nose under the tent and hope that the committee will defeat the amendment.

Mr. BROWN of Ohio. Mr. Chairman, I offer an amendment to the amendment offered by the gentleman from Illinois [Mr. ALLEN].

The Clerk read as follows:

Amendment offered by Mr. BROWN of Ohio to the amendment offered by Mr. ALLEN of Illinois: Strike out "2½" and insert in lieu thereof "3."

Mr. BROWN of Ohio. Mr. Chairman, the amendment to the amendment which I have offered simply changes the rate of interest to be charged, as provided in the Allen amendment, from 2½ to 3 percent. The Federal money which would be loaned for the purpose of financing rural telephone services to the people under this bill would be loaned on a long-term basis. The rate which the gentleman from Illinois [Mr. ALLEN], quoted to you as to the interest rate the Government must pay on the money it borrows was, of course, the average interest rate paid on all types of, or on all bonds and securities issued by the Federal Government, including short-term Federal borrowing, which runs about three-quarters of 1 percent. Actually on long-range borrowings, or long-time bonds, such as would be necessary to finance this program, the Federal Government is paying an average of about 2.87 percent interest, and on some of the bonds issued by the Government, E bonds, such as mentioned a moment ago in the colloquy between the gentleman from Illinois [Mr. ALLEN], and myself, it pays 2.9 percent interest.

Mr. Chairman, it seems to me that while this bill may have an admirable objective, certainly none of us can say that we should help this project at an expense to the taxpayer. Surely if we extend the credit of the United States for the benefit of these special organizations to engage in the telephone business, and to render this service to a relatively few citizens, the Government itself should have a loss on its loaning operation. Certainly these loans should be self-supporting and self-sustaining. In my opinion, it would not be a bad proposition, nor would it be entirely illegal or morally wrong, if the Government should make a very slight profit on the deal. But I am not asking for any profit to the Government. I am just suggesting, out of fairness to the taxpayers of the United States of America, the people who pay the taxes and have to support this program, while they will not get the benefit of the telephones that will be provided under this legislation, that we should not lend their hard-earned money at a financial loss to them. Instead, this endeavor should be self-supporting. It is only fair to everyone involved, the telephone systems to be established, the cooperatives which will operate under this law, the Federal Treasury, and the taxpayers, that the Government should come out whole on the proposition. I am sure 3 percent is the fair and the proximate interest rate that should apply. I am sure it is if you will check into how much the Government actually pays as interest for the money it borrows on a long-time basis, which we will, in turn, lend to these cooperatives for rural telephone service under this proposed law. Certainly, we should not subsidize this particular activity any more than we should subsidize any other private activity. Of course, the privately owned telephone systems which now have to borrow money from the RFC are paying  $3\frac{1}{2}$  to 4 percent for the funds they get. So, it would only be fair, in my opinion, to make the interest rate provided in this bill 3 percent so that we can justify the action taken here, not only to the people interested in getting telephone service but to the people who have to pay for it through their contribution to the Federal Treasury in the form of taxes. Therefore, I offer this amendment to the amendment. I hope it will be adopted, as I feel I cannot vote for this measure unless it is so amended as to properly protect the Treasury and the taxpayers of the United States.

Mr. WHITE of Idaho. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, there is an old saying that competition is the life of trade. It seems to me that the membership here today is pretty tender with the monopoly of the American Telephone & Telegraph Co. They seem to be afraid the company will have some competition. I think if there is any organization in these United States that ought to have a little competition from some quarter, it is this telephone octopus, this Telephone Trust. If you just knew what was going on right here in Washington, you would be surprised. I want to read you some figures that may not be of very much interest to you, but I am quite sure they will be

startling to the people of this country. All the telephone company does is rent the Government the dead equipment. The Congress pays the operators and buys the electric energy. Right on your own desk, where you pick up and use a telephone, do you know that you are paying a monthly rental on every instrument that is used in every office of the House and the Senate and in the Capitol besides a charge of from 3 to 5 cents for every telephone call that goes off the Hill to a department? Do you know that you are paying rental on every little loop of wire? Do you know that you are paying rental on every little switch or gadget in your office? Do you know how much the Government is paying for the telephone service here on what is called Capitol Hill? Let me tell you what you are paying. I thought when I met these few kids with little wire pliers and a roll of wire going up the Hill, that the work they did was being paid for by the telephone company. I knew when I saw this big switchboard down here under this building and saw all these 85 girls operating the switchboard that we were paying the girls, but I did not know that we were paying the rental on their switchboard. The telephone company does not even provide the electricity to energize the lines that flow through the Capitol. You are billed not by the telephone company but by the Potomac Electric Power Co. for the electricity that energizes those lines. The only expense that I can find the telephone company has on this Hill is the two or three young repairmen that come up here and make telephone changes. And, I thought they did that at the telephone company's expense, but the Government is billed with every addition and change they make.

The rentals we are paying monthly for this equipment would have bought and paid for all the telephone equipment being used in the Capitol, Senate, and House many times over.

Let me tell you what you paid in the month of May. In that month you paid for the rental of telephone equipment \$6,848.40. In the House alone, for the people who work down there on the switchboard, the pay roll was \$10,257.24. That is what the House paid. Now, what did the Senate pay? The Senate paid for the rental of this board \$4,870.55. The Senate paid a pay roll for operators of \$7,437.43. You pay the Potomac Electric Power Co. to put the juice in the system \$10 a month, and you are getting a bill on that every month. Think of it—a monthly rental paid to the Telephone Co. of \$6,848.40 for the equipment used by the House and \$4,870.43 for the equipment used by the Senate. Besides the Government pays the operator \$17,694.67 and pays, at the same time, for the electric energy besides paying for every call that goes to a department.

I am going to ask either in the House or here in the committee, by unanimous consent, that the telephone bill issued to the Senate and the House for the month of May in detail may be included in the RECORD so that the people of these United States can see just what is going on right here in the Capitol of the United States and on the desk of every Congressman and every Senator.

If there is any class of people in this country that needs a little protection it is these people who have gone out and made this huge investment in setting REA poles and stringing power lines over the country; now they can have telephones if we give them the simple privilege of stringing telephone wires, as the poles are already set, so that when somebody is sick at home or when some of the machinery breaks down they can get in quick touch with the doctor in town or the supplies in the market.

Let me tell you the policy out where I live. I have a home out there, and they have just a little toll station in my town, just one place. If you want to make a long-distance call you have to go into a store and use the coin-in-the-slot phone there. So for my accommodation I built my own telephone line—because I was in the pole business and know how to do it—and strung the wires and ran a line up to this toll station. I asked the company to please let me put in a switch, so that when somebody called me on Government business there would not be a delay and messenger charge. They told me that if I would guarantee them \$5 a month they would give me that service, otherwise not. There is no exchange there. The only person I could talk to would be myself. Every telephone call would have a long-distance toll. But I had to come across with \$5. So you see how that thing is handled. If there is a class of people that should be protected there, it is the people that put in these REA systems and live in the sparsely settled parts of the country.

I am for this bill, and I hope the telephone company and this monopoly will not have too many supporters on the floor of the House.

Every professional man, every lawyer, every doctor in this country that has business enough to use the telephone at all, I will bet his bill amounts to a minimum of \$30 a month or a dollar a day. When he pays the monthly charge, and then adds the long-distance charges. If a man has any business at all, he will pay a dollar a day or \$30 a month.

So we find that right here in our congressional offices on Capitol Hill the Government itself pays the telephone operators on a monthly basis; it paid these operators \$17,694.67 for the month of May to operate the system, and instead of owning the telephone equipment we are paying the telephone company exorbitant rental for the use of this telephone equipment. The Government paid \$11,718.95 rental for the month of May and this does not include telephone tolls or long-distance calls.

Some day the people of these United States are going to get tired of being mulched by this monopoly and they will take the telephone system and put it in the post office where it belongs.

Mr. PACE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think it should be understood that in our vote on this amendment we are quite likely determining the success or failure of the entire undertaking. That is for this reason, Mr. Chairman. We are not lending money here to go to a community and set up a telephone system. The companies have

already covered that area. They have even gone into the rural areas, in the rural communities, where there are a number of people wanting telephones. Those have already been established by the private telephone companies. Under other provisions of the bill, none of this fund can be used to go back into that same community. There can be no duplication of adequate service under the terms of this bill. Therefore, the funds used here are to go out into the sparsely settled sections, to go out on the fringes, to go to those parts of the farm areas where the private telephone companies have not found it profitable to go, in order that the man who lives a good way from town or out in the woods, if you please, may also have the opportunity to have a rural telephone, that he, too, may have the facilities for calling a doctor to his children or to use for other emergency needs.

Therefore, Mr. Chairman, it is going to take cheap money over a long period of years for these enterprises to pay out. There is no need for us now to do something which will defeat the program at the outset. If they must pay  $2\frac{1}{2}$  or 3 or more percent for the money, it cannot be a successful financial enterprise. That is exactly the reason, Mr. Chairman, that this committee, with the approval of the House, reduced the interest rate on rural electrification loans to 2 percent. There was no other justification for it. There was no other reason offered to the House, but the fact that the power companies had already taken over the good paying areas and it was necessary for the farmers themselves to get together and form a cooperative and try to take electric power to their sparsely settled farm areas.

We have done that. Then I think definitely, Mr. Chairman, the House would be taking a step backward if they should now, in this program, when the expense is just as much, the lines cost just as much, and the poles cost just as much and the construction and repairmen's salary or wage is just as much and the original installation is just as much as the REA line, to provide that they must pay a higher rate.

I submit, Mr. Chairman, if we are going to authorize the program, then in the name of common sense, let us authorize it under terms and conditions that we can hold the borrowers responsible for a successful business undertaking.

If you raise this rate, then they can come and say, "We have not been able to pay our loan because the return on the investment was not adequate to pay the interest and the principal."

Mr. KEEFE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to ask a couple of questions, if I may, of the chairman of the committee. I listened with some interest to my distinguished friend from Idaho, who berated the American Telephone Co. and many other similar corporations for their alleged monopolistic actions. I am not going to get into an argument with him about that. I was intrigued by his statement as to how that grasping giant monopoly was wringing dollars out of the poor people of this country.

I want to ask this question of the chairman of the committee: "Is it not true that any telephone company, whether it be the Wisconsin Telephone Co., the Bell Telephone Co., or the telephone company of Indiana, or Ohio, or any other place, which is in fact furnishing service to rural areas is permitted under the terms of this bill to make an application for a loan to the Administrator to enable them to get 2 percent money to extend lines into the rural areas?"

Mr. COOLEY. That is exactly correct.

Mr. KEEFE. And they have the first preference under the terms of this bill, is that correct?

Mr. COOLEY. Yes, for a period of 6 months.

Mr. KEEFE. So, if this giant monopoly, which has been described so effectively by the gentleman from Idaho, decides that it wants to further extend its monopoly into the rural areas, it can do so by making application for cheap 2 percent money to extend its lines? That is true, is it not?

Mr. COOLEY. That is correct.

Mr. KEEFE. It is the hope, I understand, of the committee that this great monopoly will perhaps do that because if the cooperatives are organized in these outlying rural areas, it will do no good for them to build a telephone line, such as my friend from Idaho described, where he could talk only to himself and they must enter into a contractual relationship with this monopoly in order to furnish the service to the people, is that not true?

Mr. COOLEY. I suppose that is true, but, after all, the public utilities are subject to regulation.

Mr. KEEFE. I am sure they are subject to regulation in my State. We will not have any trouble with it at all, and we never have. But I am speaking of those States where they do not have regulation. The fact of the matter is that if a rural telephone cooperative is organized in a rural area it is quite different from the rural electric cooperative, because the latter buys the power generally from the producer and takes it out to the farm. In this case, if you install a telephone line and a telephone on a farm, it is of absolutely no value, unless you want to talk back and forth to your next-door neighbor or listen in on the party line to see what the neighbors are talking about, unless it is hooked up with the existing telephone system. So, after all, am I not correct in the assumption that this "great monopoly," if it exists, is offered the opportunity, under the terms of this bill, to further extend its monopoly by getting money out of the REA fund at 2 percent interest for thirty-odd years? I am asking the chairman of the committee to answer that question.

Mr. COOLEY. I suppose the gentleman's interpretation of it is correct, but the fact is that we are according to all operating companies, not only the big monopolies that the gentleman has spoken of, but the little rural telephone companies that are now struggling for existence, the right to apply for these loans. We are placing responsibility now, under the Hope amendment, in the

hands of the Administrator, and, as pointed out a few minutes ago, there is no obligation for the Administrator to give these loans to the big companies, to the exclusion of the little companies.

Mr. KEEFE. I think the gentleman is right. I am going to vote for this bill because I think it is a step in the right direction, but I want to point out that those who support the bill as I do are not supporting it upon any such thesis as was advanced by the gentleman from Idaho [Mr. WHITE].

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. KEEFE] has expired.

Mr. BROWN of Ohio. Mr. Chairman, I ask unanimous consent that the gentleman's time may be extended 3 minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. KEEFE. I am supporting the bill upon the thesis that I understand this is an attempt upon the part of the Congress to encourage, if possible, those companies, big or small, that are already engaged in the furnishing of telephone service, to extend their lines out into the rural areas, to give telephone service to rural people.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. BROWN of Ohio. And, of course, as the gentleman has explained, if these telephone companies can borrow this money at 2 percent, it means, in fact, that the Federal Government and the taxpayers will be subsidizing the telephone company, the privately owned telephone company, by furnishing them money at a less rate of interest than the taxpayers have to pay for the money that they borrow.

Mr. KEEFE. That is absolutely true. I think perhaps that is a necessary situation to encourage the companies that can give the service. What is the use of talking about building a telephone line by a cooperative unless it has a connection with a service that can connect it with the telephones that they want to call? I shall vote for this bill because I believe it will offer an opportunity to the existing companies that are in business to extend their lines and provide rural service that it has not been profitable or feasible to provide heretofore, and will not permit the establishment of competing lines in areas already served adequately.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. Yes; I yield.

Mr. WHITE of Idaho. I would remind the gentleman from Wisconsin and the gentleman from Ohio that if they will study the current market reports they will find that they are borrowing money now at around 2 percent, with all their assets and their monopoly. You will find that every one of those bond issues are at a premium. They can get money any time they want it, and get it cheap.

Mr. KEEFE. The gentleman talks about monopolies all the time. He must own some stock in the American Telephone & Telegraph Co. I understand there are several hundred thousand

stockholders in the United States who own that alleged "great monopoly" and own many of these companies that are operating throughout the United States. The communications industry is a natural monopoly and is so recognized. It is very properly subject to strict regulations to protect the public interest.

Now let us not go off on a tangent and talk about monopoly, especially when we are offering that same monopoly and opportunity to borrow Government money for 33 years at 2 percent. Let us see if we cannot get telephones to the people in the rural areas who need them at a fair cost which they will ultimately pay for. That is the purpose of this bill, and that is why I am going to vote for it.

Mr. COOLEY. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, I am opposed to the amendments for several reasons: First, I think that either amendment might imperil the future of REA as we have known it in the past and as it is operating at the present.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. McCORMACK. The interest rate now on rural-electrification loans is 2 percent, is it not?

Mr. COOLEY. That is correct.

Mr. McCORMACK. Why should there be a larger interest rate charged in connection with these loans? Furthermore, if it is done, the tendency will be to increase the interest rate on REA.

Mr. COOLEY. I think the gentleman is entirely correct, and I appreciate that statement coming from the gentleman from Massachusetts, who certainly does not have any co-ops in his district in Boston. That is exactly the situation.

The gentleman from Georgia [Mr. PACE] a moment ago emphasized a very pertinent objection to these amendments when he pointed out the fact that we must offer some inducement; otherwise these lines will not be built. Every argument can be made against these amendments that could be made against them had their authors intended them to be applicable to the REA program. I cannot understand why the telephone cooperatives should be required to pay any interest in excess of that which is now being paid by the REA cooperatives now in existence.

As positive proof of the fact that these telephone companies without inducement will not extend their lines into rural sections I refer to a letter placed in the RECORD yesterday by the gentleman from Texas [Mr. POAGE]. Without attempting to read the letter I will quote its substance, which is that a man in the country applied for a telephone only to be told by the company that they had on file 8,000 applications in the cities and towns and that they would have to take care of the 8,000 applicants before they could give this countryman a telephone. That situation exists throughout this country, but if we can give them some inducement, perhaps they will extend their rural lines and will accord to the country people some consideration. On the other hand, they know that if they fail to do so within 6 months a co-op

can be formed and the money can be obtained and the line built.

Mr. MCSWEENEY. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. MCSWEENEY. Does the gentleman feel that we should lend money at a lower rate than the Government has to pay when it borrows money? For instance, new bonds are being issued at 2.9. Does the gentleman think that as a general policy the Government should lend money at less than the Government has to pay to borrow money on a long-time basis?

Mr. COOLEY. Perhaps in the matter of general policy the gentleman is correct, but if these co-ops are going to be required to pay the same interest rate that is now being paid by private companies we know, to begin with, that they will not operate successfully because the private companies have already explored and taken over the most profitable territory. We will not, of course, have any co-ops in cities like Washington and New York or in any of the larger towns; the co-ops will be created in the rural sections, the sparsely settled areas where there are few users and the expense of maintenance and operation will be substantial. This has been the experience of established companies. So if we do not give them some inducement we shall not accomplish our objective. We did give them the inducement in the REA bill and they have accomplished wonders in the rural sections of America.

Mr. MCSWEENEY. Is it not true that governmental groups can borrow money cheaper than any private groups can borrow it? If we lend it to them at the same rate at which we borrow it we are still doing a great favor to these organizations.

Mr. COOLEY. Yes; but why should we not give the same rate to the telephone co-ops which we are giving to the electric co-ops.

Had REA cooperatives been required to pay a higher rate of interest perhaps they never would have made the great progress which they have made. If a higher rate of interest is now required we have no reason to believe that companies now operating would be induced to expand rural lines. Certainly a newly created cooperative could not afford to pay a very high rate of interest for the very simple reason that they will be building facilities in areas which private companies have not found it profitable to enter. Perhaps the reason that private companies have not expanded rural lines is due to the fact that they know that it is more profitable to operate in thickly populated areas than it is in sparsely populated areas. The co-ops which we expect to obtain these loans will, on account of the necessities of the situation, operate in rural areas, many of which are not now receiving any telephone service at all.

Mr. Chairman, the pending amendments should be defeated.

Mr. VURSELL. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, as I understand it, we have now reached the point in this bill where we are considering an amend-

ment offered by the gentleman from Illinois to raise the rate of interest to 3 percent. The suggestion has been made by some that perhaps it should be 2½ percent.

Let us see what we propose to do. As I understand it, the small telephone company and the large telephone company will be able to borrow at the rate of 2 percent. I am in favor of the same courtesy loan being tendered to the small companies and to the big companies alike because I think that will enable the people to get more telephones. When they pay taxes and all of the expenses they go through to furnish the service you get from the existing telephone companies, I see no reason why we should discriminate against them in interest rates.

There are hundreds of thousands of veterans and tenant farmers and other people all over this Nation however, who are struggling to have a home and a roof over their heads. The Government charges them 4 percent or more for the money it lends. On the other hand, you propose under this bill to extend telephone service to the well-to-do and poor alike who live on farms, and you propose to lend them this money at less than you lend money to the veterans who are struggling to get a home. You propose to lend them this money for less than it cost the Government or will cost the Government in the future to secure the money through the sale of bonds to the people.

When a poor man is struggling to build a home and is paying 4 to 5 percent interest, plus taxes and upkeep, I cannot understand why you will provide in a bill like this for hundreds of thousands, maybe millions, of families on the farms who own their own home to be subsidized so far as the interest rate is concerned.

Mr. WHITE of Idaho. Mr. Chairman, will the gentleman yield?

Mr. VURSELL. I yield to the gentleman from Idaho.

Mr. WHITE of Idaho. The gentleman would not want to be any more liberal with Great Britain and lend them \$3,800,000,000 at the interest rate they got?

Mr. VURSELL. I appreciate the gentleman's inquiry, but I follow the theory in legislating as I do in life, if it was wrong to give Britain money or lend them money, which we know they will never pay back, then two wrongs do not make a right. I think we should have not less than 3 percent. We do not know what the loan market is going to be in the future. It is likely to be higher. It would seem to me this amendment providing for 3 percent should be adopted.

Mr. MCSWEENEY. Mr. Chairman, will the gentleman yield?

Mr. VURSELL. I yield to the gentleman from Illinois.

Mr. MCSWEENEY. I had an amendment to this bill which would make the interest rate equal to the greatest amount that our Government was paying, which would average somewhat under 3 percent. Does the gentleman not think that it should be the policy of the Government, as I asked the distinguished

chairman of the committee, that we should not loan money for less than the Government has to pay for it?

Mr. VURSELL. I agree with the gentleman.

I am for this legislation for the extension of rural telephone service and I hope the amendment will prevail.

Mr. CRAWFORD. Mr. Chairman, I move to strike out the last word.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from North Carolina.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 8 minutes, including the time allowed the gentleman from Michigan.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. CRAWFORD. Mr. Chairman, I agree with the gentleman from Ohio [Mr. McSWEENEY] that no citizen is entitled to receive funds on a loan basis below the cost of the production of the credit furnished by the Treasury Department, and I do not care what the purpose is, because when you do that you, by compulsion, force other people to subsidize the operation. Therefore I am going to support the increase in the interest rate on this proposal when we vote on it.

Secondly, as to Members of Congress participating in the civil-service retirement fund provisions, on those funds, which we pay out of our income, the Treasury is paying 4 percent, for instance. We have about \$32,000,000,000 of special issues; those are those I O U's made by the Treasury, somewhat payable to itself, in which these trust funds are invested. You are paying 4 percent on a lot of that money.

Mr. BROWN of Ohio. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. What is the rate of interest on the social-security money that is borrowed by the Federal Government?

Mr. CRAWFORD. We have \$9,000,000,000 worth of Federal old-age and survivors insurance trust funds on which you are paying 2½ percent. Now, that is your series 1950; some of your short-term obligations.

Mr. BROWN of Ohio. What is the rate on the long-term?

Mr. CRAWFORD. On the long-term bonds at the present time the rate is 2½ percent that the Treasury is paying. When I say "long-term" I mean semi, medium long-term, because we have no real long-term bonds outstanding as relates to this proposition.

Mr. McSWEENEY. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Ohio.

Mr. McSWEENEY. What are the new opportunity bonds selling for; that is, what rate of interest?

Mr. CRAWFORD. What bonds?

Mr. McSWEENEY. The new opportunity bonds.

Mr. CRAWFORD. Those saving certificates?

Mr. McSWEENEY. Yes.

Mr. CRAWFORD. About 2.9 percent; roughly 3 percent, and the Treasury has to meet interest rates based on the condition of the financial market, and when any one stands up here and says that I am attempting to kill REA, he simply does not state the truth of the matter. What he is attempting to do is subsidize something at great cost to the taxpayers in my district, and that I protest against. Nobody is trying to kill REA here.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from North Carolina.

Mr. COOLEY. How much interest is paid on the Government money that is made available for the building of irrigation dams?

Mr. CRAWFORD. What is the gentleman talking about, the reimbursable portion or the portion that is not reimbursable?

Mr. COOLEY. The portion that is not reimbursable.

Mr. CRAWFORD. No interest is paid on that. That is for our national defense.

Mr. COOLEY. For national defense? On that basis the gentleman justifies the use of Federal funds without any interest charge at all?

Mr. CRAWFORD. When we build a battleship, nobody pays interest on that except as it is reflected in the general Federal structure.

Mr. COOLEY. I am not talking about a battleship, I am talking about irrigation dams.

Mr. CRAWFORD. The same thing applies to flood control. I do not see where that has anything to do with this. This is a clean-cut case on the question raised by the gentleman from Ohio [Mr. McSWEENEY]. Do you want to provide funds below the cost of production to the Treasury? If you do, of course you are for 1½ or 2 percent, but putting this rate up to 2½ percent will not destroy REA, and it will give many people more confidence in the operation. The big companies like A. T. & T. are not entitled to borrow money from the Treasury below cost of production.

Mr. COOLEY. Then do I correctly understand the gentleman is for the Allen amendment and opposed to the Brown amendment?

Mr. CRAWFORD. I will go along with the Allen amendment at 2½ percent, yes, on the theory that at a later date when the time comes we may have to adjust the rate upward, depending on the condition of the market at the time. You cannot handle a \$250,000,000,000 debt without conditioning the financial markets from day to day.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN of Illinois. Mr. Chairman, for some time there have been certain individuals that have ridiculed the Bell Telephone System and independent lines for not extending their services. They say they have not extended their lines even though they would have made a reasonable profit.

They say that there is every indication that unless they are forced to take such action they will continue their policy of "skimming the cream" of the telephone business. The point I am making to you who have been condemning them is that by coming in here and offering those same people subsidies to improve and extend their lines you are acknowledging that they could not heretofore have extended them under the profit system but need the proposed subsidies.

Mr. WILSON of Oklahoma. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. WILSON of Oklahoma. Mr. Chairman, America has always been a land of opportunity and we as Americans have always prided ourselves on offering to our citizens and to our youth, not equality in the goods of life, but equality of opportunity. I rise today to urge the passage of the rural-telephone bill under consideration because it is a step in the direction of providing the rural people of this country an opportunity to secure a measure of equality and parity of living opportunities along with the rest of the Nation.

One of the most troubling problems we are faced with in farm districts is the recurring problem of migration of thousands of young people from the farms of each such farm district because of dissatisfaction with half primitive and undesirable living conditions. Needless to say this often creates unemployment problems for the city districts that some of our Congressmen represent. The impact on our farms is equally pronounced with a decided trend away from the family-sized farm which has been the American ideal.

My support of H. R. 2960 has not been a step taken lightly or a decision I have made hastily. I have examined this bill critically to see if adequate protection were offered to private investment in the rural-telephone field and to see if it would stifle future opportunity of private concerns in the rural-telephone field. My conclusion is that adequate and fair protective measures are written into the bill. Private companies desiring to improve and expand their rural-telephone services can readily do so if they want to and further can take advantage of the low-interest rates and long-term loans offered by this bill. Further such private telephone companies or concerns under the provisions of this bill would have a 6-month period in which to make their applications for such loans when no one else could apply except those engaged in operation of existing telephone service. As has previously been explained approval of State regulatory bodies must be first obtained prior to approval of loans thus insuring against duplication of facilities.

I need not go into detail on the need for rural telephones. Living in the city as we do we would not think of being without a telephone. The telephone has become so firmly entrenched as a tool of business and a weapon and protector

in emergency we shudder to think of losing ours. None of us would think of having to use our neighbor's telephone all the time no matter how close that neighbor. Farm need is just as great as our own; and particularly the seriousness of farm accidents and emergencies is heightened by distance so that what may be a simple accident may become a most serious one if there is no telephone to bring help.

My farm constituents are some of the most independent and self-reliant people in the United States. They do not want something for nothing. They do need telephones. Less than 25 percent of Oklahoma farms now have telephones and that goes without saying how weak many of the local circuits are and how many obsolete instruments there are. My farm constituents are willing and have been willing to pay reasonable rates in order to get telephone service but they have been unable to get it and unless this bill is passed they cannot look forward to any more adequate telephone service in the foreseeable future. Passage of H. R. 2960 will assure adequate telephone service to the widest possible number of farm families. It is not a matter of giving away anything. It is the matter of a business loan on a business basis with adequate security and assurance of repayment within the stipulated time. This is designed to provide opportunity in truly the traditional American way. Passage of this legislation will help to curtail the annual migration of thousands of American farm youth from our farms. They and their hard-working parents are but seeking equality of opportunity and ask no better break in life than that. Let us see that America remains the land of equality of opportunity. Let us vote for H. R. 2960.

The CHAIRMAN. The Chair recognizes the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Chairman, I agree with the gentleman from Georgia that the necessity for this low-interest rate is that in many parts of the country the best paying fields have been taken and it is impossible to pay a high rate of interest and get the service. That is especially true in North and South Dakota and other States of the Union.

Much has been said about the fact that the Federal Government pays 2.9 percent for its money. The truth is that the Federal Government gives this money away for nothing to the banks, for 27 cents per thousand dollars, and they can keep it as long as they want to, and then the Government borrows its own money back and pays interest on it. The time has come for us to look into that subsidization of a certain class of the people of this Nation and not give some consideration to the people who really need it.

May I also call your attention to the fact that we have spent billions of dollars on river and harbor improvements. No part of this money is repaid to say nothing about interest. This too is the taxpayers' money, and the farmers who ask for this telephone service also pay taxes.

Is it not queer that when the bills for river and harbor improvements are up,

that the very Members who now object to 2-percent interest and are trying to increase it to 2½ and 3 percent are silent? In other words, they are perfectly willing to accept the taxpayers' money for their own convenience and benefit, but see Uncle Sam go in the red when we ask for 2-percent loans for the farmers.

We who live in the sparsely settled States do not object to river and harbor improvements. However, we do feel that it comes with very, very poor grace from those who get their river and harbor improvements free, at the expense of our taxpayers, to object so strenuously when we simply ask for a loan with interest.

I will also say that as far as the rate of interest paid by the GI is concerned, I am in favor of reducing that rate, so that the GI will and can get a home.

Mr. MCSWEENEY. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. MCSWEENEY. Mr. Chairman, I was in the Committee on Rules and thereby unavoidably detained from the floor of the House at the point at which I wanted to introduce an amendment to the Poage bill. My amendment would have been on page three of this bill:

Add subsection (g) to read as follows:

"Section 4 of the Rural Electrification Act of 1936 is amended by striking out the word 'average' and inserting in lieu thereof the word 'highest' so as to read as follows: 'and shall bear interest at the rate equal to the highest rate of interest.'"

Mr. Chairman, I have introduced this amendment because I am opposed definitely to our Government lending money to any individual citizen, to any group of citizens, or to any corporation or partnership, at a lower rate of interest than the highest rate which our Government has to pay for this money. The Government, because of its enormous size and financial structure, can borrow money over a long period at a lower rate than any other individual or group of citizens. Is it not logical, therefore, that since this money is obtained from our citizenry at the lowest possible rate that we, in turn, should not be asked to lend it at a still lower rate?

As I said before, in my absence a similar amendment was introduced by the gentleman from Illinois [Mr. ALLEN] that the words "two percent" be stricken out and the words "two and one-half percent" be inserted in lieu thereof. This amendment was further amended by the gentleman from Ohio [Mr. BROWN] whose amendment asked that "two and one-half percent" be stricken out and that "three percent" be inserted in lieu thereof. I voted for the amendment to the amendment and also the amendment. Since both of these amendments failed, I am going to vote against the bill.

I had made a statement in the Rules Committee in the presence of the gentleman from Texas [Mr. POAGE], the author of the bill, and in the presence of the gentleman from North Carolina [Mr.

COOLEY], chairman of the Committee on Agriculture, that I would not vote the bill out of committee unless I had the assurance that the gentleman from Texas [Mr. POAGE], would not oppose at least 2½ percent as the interest rate for these loans under the bill. With this assurance, I voted to release the bill from committee. However, on the floor, there must have been a misunderstanding because no announcement was made by any member of the committee that 2½ percent would be acceptable. These two amendments were lost, that is, the amendment to the amendment introduced by the gentleman from Ohio [Mr. BROWN], for 3 percent, and the amendment by the gentleman from Illinois [Mr. ALLEN], for 2½ percent.

I do not want it to appear that I am obstructing legislation and I do not wish it to appear that I am going along with the opposition, but I do reserve the right to defend my own concept of what I think is just and equitable. I cannot vote to make available money at 2 percent for establishment of telephones in rural sections when those same farmers, who might get the telephones, have to pay 4 percent for the money that they borrow from the Government for the purchase or improvement of their farm properties. I cannot vote to lend money to private corporations or other groups at 2 percent while my comrades are paying 4 percent on their homes through the Federal Housing Administration.

I want to repeat that I do not want to obstruct helpful legislation but in these trying times, we must be careful about the expenditure of public funds and we must be careful not to harm groups which have already invested their money in private operations.

With the loss of these two amendments, I am constrained to vote against the bill.

Mr. JUDD. Mr. Chairman, I ask unanimous consent that the Brown amendment be again read for the information of the Committee.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The Clerk again read the Brown amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. BROWN] to the amendment offered by the gentleman from Illinois [Mr. ALLEN].

The question was taken; and on a division (demanded by Mr. BROWN of Ohio) there were—ayes 71, noes 107.

So the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. ALLEN].

The question was taken; and on a division (demanded by Mr. ALLEN of Illinois) there were—ayes 81, noes 118.

Mr. ALLEN of Illinois. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chairman appointed Mr. COOLEY and Mr. ALLEN of Illinois to act as tellers.

The Committee again divided; and the tellers reported there were—ayes 104, noes 137.

So the amendment was rejected.

Mr. CARNAHAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, H. R. 2960 authorizes the Rural Electrification Administration to make loans for the improvement and extension of rural telephone service. Having been born and reared on a small farm in the Ozarks of Missouri, I personally know the very urgent need of telephone service for our rural people.

I am the youngest of a family of 11 children. The farm on which I grew up had a phone on a local party line. About 15 of the neighbors together built the line and kept it in operation. Our ring was two longs and two shorts. This line had no connection with the outside world. We could not call the county seat. We could not call the village where we bought groceries. We, of course, could not call the doctor. Even this limited service was greatly appreciated and helped in many ways.

Had the phone service I knew as a boy been the beginning of an expanding rural service, the picture would now be quite different. However, the exact opposite is true. The farm on which I grew up does not now have a phone, even on the local party line. Yet a phone box is still there, and the census figures no doubt list the farm as having phone service. This Ozark community is typical of thousands of other communities over rural America.

It is needless for me to tell you that I favor this legislation. It is difficult for me to understand or appreciate the argument of those who oppose this bill. This legislation is reasonable, fair, workable, and provides a much overdue service.

I invite your attention to a few of the obvious reasons why Congress should enact this legislation:

First. It encourages local and private-owned telephone companies to improve and extend telephone service. In fact a definite preference is given to such groups.

Second. There will be an indefinite delay in extending service to many rural areas unless long-term, low-interest loans are made available. This bill provides 35-year loans at 2 percent interest.

Third. Modern mechanized farming has developed into a highly specialized business. This development has not just merely increased the farmer's need for phone service; it has made adequate phone service one of the essentials of successful farm operation.

Fourth. The key to adequate rural telephone service is area coverage. This involves planning, financing, and constructing a rural system which will give service to everyone in the area involved who wants the service. The entire system must be treated as a unit rather than considering each individual phone as a unit.

Fifth. Basically and fundamentally, any contest over this legislation is a fight between monopoly and free enterprise. This conflict has been brought into focus because the controlled monopolies which furnish telephone service have failed to expand to meet the needs of the widely scattered and less profitable rural com-

munities. On one side we find our present telephone monopoly and on the other side about two-thirds of our rural farm people who need more adequate phone service. This bill provides low-cost loan capital to the thousands of small independent and mutual companies who are now struggling against odds to serve these rural people. The choice we Members of Congress must make on this bill is between extending adequate phone service to our rural people through private enterprise or maintaining the present monopoly which exists on just the cream of phone service.

Sixth. This program will create new jobs and new business. The construction of new lines and rebuilding old ones will provide jobs. The maintenance of these lines will provide permanent employment for many. New operators will be needed to take care of these expanded facilities. The demand for construction materials, new phone instruments and other equipment will mean still more jobs in industry. Replacement of materials and equipment will continue indefinitely. Thus, the project means new jobs and new business.

Seventh. Farming, our basic industry, must be encouraged, stabilized, and enriched. As goes the economy of the farmer, so goes the economy of the Nation. Depressions fail to develop in the atmosphere of a sound and prosperous farm economy. I believe most of you agree that one of our most important national problems is to rebuild, properly use and conserve our soil and soil resources. The solution to this pressing national problem rests on the development and maintenance of a sound and permanent farm economy. It is obvious that adequate phone service is essential to such an economy.

Eighth. This program will not require spending the taxpayers' money. It is a program involving loans which will be paid with interest. Rather than spending public money, this program will be a sound investment of public money—an investment which will increase the value and attractiveness of farm homes—an investment in more abundant rural living.

Mr. GOLDEN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, in my opinion, this legislation promotes and protects private enterprise. Unlike many other bills, this measure recognizes the great importance of promoting private enterprise.

To begin with, established telephone companies, either large or small, are given the exclusive right for a period of 6 months following the passage of this measure to obtain loans from the Federal Government to either extend or improve their existing facilities.

It also provides that there shall be no duplication or unfair competition with an established telephone company in any territory that is adequately served by existing private enterprise.

This great committee, both Republican and Democrats, that have brought out this measure were keenly mindful and aware of promoting private industry

in America. The bill nowhere provides for Government ownership.

While the above things are true, it does recognize the great need of the farmers and rural people and people who live in villages and small communities for telephone service. To make it possible for these people to have good telephone service will greatly strengthen this Nation. It will promote the prompt transaction of business and will protect the health and general welfare of these people.

After the first 6 months, if some private enterprise does not choose to serve the rural people with telephone facilities, provisions are made whereby these people themselves or any group of them can form a company or an association, and borrow money from the Government to place in adequate telephone lines and equipment.

It is required under the provisions of the bill that this money is to be paid back over a long period of years. It is further provided that persons who borrow this money must show that under all of the circumstances they will be able to pay it back.

It is my opinion that it is a well-rounded and sound piece of legislation; that it will greatly promote the welfare of the rural people, and that it will at the same time, in many instances, promote private industry. In fact, it will furnish many feeder lines for the great telephone companies that now serve the thickly populated areas of America. I think the interest rate charged on these loans should be sufficient so as not to cause any loss to the Federal Treasury. No company that is now serving the people will be driven out of business by this measure. In fact, many companies that have struggled for sufficient finances to give good service and to make a profit can, under this bill, borrow the money to repair their facilities and to extend their facilities and to make them going profitable concerns. At the same time it takes up the great gap where existing companies have not furnished facilities or do not desire to do so, and it will enable millions of people in rural sections to obtain this much-needed telephone service to their homes and farms.

I sincerely hope that the measure passes, and I am glad to see that the Republican members on this great committee have protected private enterprise and that they are also strongly in favor of affording relief to the rural people of our country.

Mr. O'HARA of Minnesota. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'HARA of Minnesota: On page 3, line 20, strike out the word "acquisition."

Mr. O'HARA of Minnesota. Mr. Chairman, I have a similar amendment on page 4, and I ask unanimous consent that the two amendments may be considered together.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. O'HARA of Minnesota: On page 4, line 13, strike out the word "acquisition."

Mr. O'HARA of Minnesota. Mr. Chairman, I feel this is an important amendment in connection with the consideration of this bill.

Mr. Chairman, I have supported the REA program from its inception and I expect to continue that support. I have always felt that the farmers who wanted electricity were entitled to it and that they had not been rendered that service in many parts of the country by the utilities furnishing such service.

Under the REA Act there was no such language as is contained in this bill, and I refer principally to the word "acquisition." The REA Act made no provision for the acquisition of additional properties. The entire tenor of the argument which has been presented here upon the floor is the supplying and furnishing of telephone service and the continuation of the companies that are in existence.

Frankly, while I speak for those who want the telephone service, I also must say a word for the 52,000 or 53,000 independent companies that are furnishing this service. Under Section 201 of this bill funds may be obtained by the REA for 5 purposes: "improvement, expansion, construction, acquisition and operation of telephone lines, facilities or systems, to furnish and improve telephone service in rural areas."

Mr. Chairman, the word "acquisition" is a very broad term. I have sent over to the law library and I have obtained Bouvier's Law Dictionary from which I would like to quote the following:

The word "acquired" is to make property one's own; to gain permanently.

"Acquisition," of course, is the act by which a person procures the property and the thing.

The point which I wish to make is that this bill makes funds available, among other things, to public bodies, and "public body", as the term is used in the administration of the REA is a municipality or other State or political subdivision. This bill would authorize the lending of money for the acquisition thereof by public bodies of telephone lines, facilities or systems, so long as the purpose is to furnish and improve telephone service in rural areas. Certainly if you mean what you say, and you speak feelingly for the companies that are already in existence, if you allow this 6-months' priority to the companies that are in business, then why do you need the word "acquisition" in this act?

Mr. Chairman, in my opinion, it is put in there for the purpose of promotion purely, not for extension; it is put in here for the promoters to get busy and go out in the field, promote and take over our fine little existing independent lines. I am extremely interested in seeing that those who do not have telephone service in our rural communities have this service. Do not think this applies to only a few backward areas in the South. It applies to every community in my district. In the farm areas

of my district the telephone company serves 78.1 percent of the farm people, as good as practically the best in the United States. But in every one of these communities are areas that are not given adequate service. So I ask the committee to vote for my amendment, because it is offered in sincere good faith of preventing these promoters who will take over these properties.

Let us see what you could do under this bill. You could have a municipality that desired to go in by promotion into the telephone business. You could have a large company, a reasonably large company, come in and take over a whole State. That may sound exaggerated, but there is nobody under this act, other than the Administrator, who could say "No."

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. O'HARA of Minnesota. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. O'HARA of Minnesota. I appreciate that the Committee is anxious to finish up this bill, and I join them in that. But, I must present this argument.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Minnesota. I yield to the gentleman from North Carolina.

Mr. COOLEY. If the amendment offered by the gentleman is adopted, it would not be possible for a little operating company that is finding it difficult to continue operating, to sell out, but a new company that would take it over and rebuild it and put it in operating condition, could take over.

Mr. O'HARA. If that is the gentleman's theory, where are you going to stop in the matter of this little company being forced out of business? That is just exactly what the little independent is worried about.

Mr. COOLEY. If the gentleman's amendment should prevail, a little company would have to be liquidated and go into bankruptcy, perhaps, or suffer other losses—

Mr. O'HARA of Minnesota. I do not yield any further to the gentleman, I am sorry, he can get his own time to argue the matter. What the gentleman advances under the theory of this bill is the extension of service, just as we did under the REA. You did not see fit to add the word "acquisition" in the REA, did you? No. Now, if you are coming in here suggesting a change, that should be considered. Either you are talking out of both sides of your mouth or you are talking out of one side. Either you are extending the privileges to the little company that the chairman and the ranking member on the Republican side have insisted on, or else you are promoting just what I am fighting and just what my little companies are fighting, the theory of coming in with a group who can get a loan from the Administrator and force the little company to sell out.

That is practically what the gentleman has said.

Mr. COOLEY. Mr. Chairman, if the gentleman will yield, the little company that the gentleman is talking about is made eligible for a loan under this bill, and the little company can make a loan just as well as the big company. He does not have to sell out.

Mr. O'HARA of Minnesota. He does not need to acquire some other property to do it, does he? All he wants to do is to extend his line.

Mr. COOLEY. Oh, yes, but he might need to acquire additional property.

Mr. O'HARA of Minnesota. Then the gentleman answers the very fear of what the little independents themselves are worried about.

Mr. COOLEY. I am afraid that the gentleman does not understand the purpose of this bill which is to give to the little company the same opportunity as the big company.

Mr. O'HARA of Minnesota. I understand the bill very well. I have studied it backwards and forwards. I have read the hearings, and I still read the letters that I get from my little independent companies, and if you do not think they are fearful of what this bill will do to them I will be glad to turn over my file to the gentleman. They have the fear of the Government going into the telephone business, just as I illustrated in my remarks, and of closing them out. Some of these people, for two generations, have engaged in the operation of these businesses, and I hope the amendment will be agreed to. Of course, if public bodies are eligible for loans, such bodies have rights of eminent domain and the power of condemnation.

Mr. POAGE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this is the same matter the gentleman from Minnesota discussed yesterday. I can but repeat the same answer I gave him yesterday. The reason for placing the word "acquisition" in the bill is in order that there may be an opportunity for at least a substantial part of these 53,000 telephone operators in the United States to have some place to dispose of their systems as time goes on. We all recognize that it is an utter impossibility to give the kind of service that rural America is entitled to receive over the 53,000 different systems that are now conducted in the United States. Most of those are simply party lines that are owned by the people they serve. They are not systems in the sense that the Bell System is called a system.

Whenever anyone comes into a community, be it an existing telephone company, a cooperative, or the Bell Co., and seeks to establish a better system, seeks to give the improved service to which the community is entitled, it seems to me there should be a reasonable opportunity for those people who presently own their lines, most of which are connected with switchboards that could not be affected by this bill because the switchboards are in town, to dispose of these lines. The purpose of most of these people in building the lines was merely to give service to the community. They did not want

to be in the telephone business. It was merely that the farmers built their own lines. But when somebody comes along and says, "We will take 6, 8, or 10 of these lines and consolidate them and bring them into one switchboard and give you better service," we want that new operator to be in a position to offer something to those people so that they can get their investment out of it.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from North Carolina.

Mr. COOLEY. If the amendment is adopted, that very thing could not happen.

Mr. POAGE. That is exactly right. If the amendment is adopted, then there is no chance in the world for any of those people ever to get a penny out of those lines.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Kansas.

Mr. HOPE. The gentleman from Minnesota speaks of the fear of some of the small companies in his district that somebody will acquire them. I know of a number of companies in my district that have been begging for somebody to acquire them for a long time. They have tried to sell out to Bell, they have tried to sell out to the large independents, because they knew they could not maintain the service. If the amendment offered by the gentleman were adopted, there would be no opportunity for those companies to strengthen themselves by acquisition or consolidation or by doing anything that would enable them to render such a service.

Mr. POAGE. That is exactly right. I think the distinction is that the gentleman from Minnesota is referring to the telephone companies as you think of a company that is doing business in a city, that has a switchboard, that is doing exchange business, long-distance business, whereas the gentleman from Kansas and I are thinking of those 53,000, only about 800 of which own switchboards, and most of which are small lines that must be consolidated and acquired by someone if we are to have better service.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Oklahoma.

Mr. ALBERT. Is there anything in this measure that requires any company to sell out?

Mr. POAGE. Not to my knowledge. We recognize that as improvements go on, as the Bell System installs the dial system in the cities and over the long-distance lines of this Nation, there is not a way in the world that these little companies can continue to exist unless either they improve their system by installing a dial system or they consolidate and sell out to someone else. That is true whether this bill passes or whether it does not. We are faced with the advance of science. The Bell Telephone System today has a program in operation whereby you can sit in the city of Washington and dial

a number in Miami or San Francisco, Calif., and get your connection in 10 seconds. Those connections cannot be made by the ordinary small telephone system of today. You cannot connect these single-wire lines with that kind of system. If these small systems are to continue to exist they must be modernized. In most cases this means they must be absorbed. If they are absorbed we want their owners to get something for them.

Mr. TACKETT. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Arkansas.

Mr. TACKETT. I am worried about the word "acquisition" being interpreted as an eminent-domain provision.

Mr. POAGE. No, this bill does not contain anything concerning eminent domain. This bill does not provide a thing in the world except the power on the part of the REA to lend money. That is all it provides and nothing more. The power of eminent domain is granted by the States. This bill imposes no obligations or powers in regard to eminent domain.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota [Mr. O'HARA].

The question was taken; and on a division (demanded by Mr. O'HARA of Minnesota) there were—ayes 32, noes 87.

So the amendment was rejected.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, in connection with my remarks on the Poage rural telephone bill, which legislation I hope will be administered on a businesslike basis, I want to say a few words about the REA.

I have supported rural electrification since its inception. It has been a fine thing to have assisted in making possible electric service for American farm homes. Local REA associations have been run on a business basis, and electric service is now enjoyed by more than 75 percent of the Nation's farmers. Government loans are being repaid with interest. The program has been a good investment.

#### THE EIGHTIETH CONGRESS AND REA

I wonder how many farmers remember some of the misleading propaganda that was dished out by Democratic leaders in the campaign of 1948 about the attitude of the Eightieth Republican Congress toward rural electrification. I would like to call your attention to what Candidate Harry S. Truman said about the subject in several speeches and particularly the one he made at Crawfordsville, Ind., on October 12, 1948. I quote in the following from his speeches:

President Truman said:

They (Republicans) cut the rural-electricity program. And, yet, the Republican Party is still fighting REA at every turn of the road.

#### THE TRUTH WILL OUT

I feel that this would be an appropriate time to point out that the Eightieth Republican Congress appropriated \$800,000,000 for the REA, which was the largest sum ever appropriated by any Congress to provide funds for the extension of electric service to American farm

homes. The REA was created in 1936. From 1936 to and including 1946, more than 10 years, the Democratic Congresses in control of appropriation had only provided \$1,075,428,288 for the REA, whereas the Eightieth Republican Congress in the 2 years of its existence, appropriated \$800,000,000. During the same 2-year period, the Republican Congress reduced taxes, cut Federal spending by \$5,000,000,000, and paid off around \$8,000,000,000 on the national debt.

The truth eventually catches up with incorrect statements, and that is what has happened in the case of Presidential utterances made in 1948. The inaccuracy of President Truman's statements are completely refuted in the following letter which I received from Hon. Claude R. Wickard, Administrator of the REA, dated April 11, 1949. Mr. Wickard states, with pride, that more farmers were provided with electric service in 1948 and more miles of electric lines constructed, than in any other year of REA history. I thank Mr. Wickard for telling us the truth.

DEPARTMENT OF AGRICULTURE,  
RURAL ELECTRIFICATION ADMINISTRATION,  
Washington, D. C. April 11, 1949.

HON. AUGUST H. ANDRESEN,  
House of Representatives.

DEAR MR. ANDRESEN: Enclosed is our monthly Statistical Bulletin containing figures for December 1948. We are sending it to you because we thought you might like to have complete year-end figures.

The progress indicated by the statistics in this bulletin exceeds our expectations and earlier estimates. It shows that our borrowers connected about 485,000 consumers during the year, and placed almost 155,000 miles of line in service. Both figures are substantially greater than in any other year.

The 17,873 miles of line energized during the month of December 1948 constituted by far a new record. Consumer connections during that month, 40,226, were close to the average for 1948, which was a record year. In fact, during all of 1948, the REA borrowers averaged three new connections every working minute.

Difficulties in obtaining conductors, the lack of adequate supplies of electrical energy, and the high level of prices continue to be major obstacles to even more rapid progress. The fact that about 3,750,000 occupied rural dwellings, nearly half of them farms, remain without electric service challenges our best efforts to overcome these obstacles.

Sincerely,

CLAUDE R. WICKARD,  
Administrator.

Mr. Wickard was also kind enough to send me some statistical tables showing the remarkable progress made as a result of appropriations made by the Republican Eightieth Congress. These tables can be procured by any Member upon request to Mr. Wickard. I will only place in the record, as a part of my remarks, the table showing Rural Electrification Administration appropriations from 1936 to 1949. The two appropriations amounting to \$800,000,000 are shown for 1948 and 1949; were provided by the Eightieth Republican Congress as compared with \$1,075,428,288 by Democratic Congresses since the creation of the Rural Electrification Administration. Again I state, it is refreshing to have the truth come from a high official of the Democratic Administration.

## Authorizations and loans approved

[Department of Agriculture, Rural Electrification Administration, Monthly Statistical Bulletin No. 94, as of Dec. 31, 1948]

Fiscal year	Authorizations	As of end of month	Loans approved—Cumulative totals, rescissions deducted			
			Total	Distribution systems	Generation and transmission	Consumer facilities
1935-36	\$13,928,288	June 1936	\$13,903,412	\$13,875,412	\$28,000	0
1937	46,500,000	June 1937	58,936,217	57,332,117	1,510,000	\$94,100
1938	30,000,000	June 1938	88,172,436	84,265,904	2,664,000	1,242,532
1939	140,000,000	June 1939	227,236,949	217,424,238	6,148,000	3,664,711
1940	40,000,000	June 1940	268,972,949	256,666,238	6,716,000	5,590,711
1941	100,000,000	June 1941	369,027,621	349,195,288	12,328,150	7,504,183
1942	100,000,000	June 1942	469,180,345	408,818,912	40,490,850	10,870,583
1943	10,000,000	June 1943	466,881,323	413,919,216	42,186,144	10,775,963
1944	20,000,000	June 1944	488,811,447	442,417,290	45,203,694	11,190,463
1945	25,000,000	June 1945	524,542,562	461,859,421	50,923,618	11,789,463
1946	300,000,000	June 1946	813,914,990	718,445,466	82,843,661	12,625,863
1947	250,000,000	June 1947	1,068,436,162	939,013,815	116,173,556	13,248,791
1948	400,000,000	June 1948	1,381,459,261	1,211,671,584	156,151,589	13,630,088
1949	400,000,000	October 1948	1,498,472,461	1,319,682,475	164,891,398	13,898,588
Total	1,875,428,288	November 1948	1,532,762,461	1,341,107,475	177,756,398	13,898,588
		December 1948	1,574,924,461	1,374,738,575	186,266,998	13,918,588

Mr. COOLEY. Mr. Chairman, I ask unanimous consent that all debate on the pending measure close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina [Mr. COOLEY]?

Mr. JENSEN. Mr. Chairman, I object.

Mr. COOLEY. Mr. Chairman, I will amend my request by asking unanimous consent that all debate close on the pending measure in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. JENSEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JENSEN: On page 2, line 14, after the word "facilities", insert "other than by condemnation procedure."

Mr. JENSEN. Mr. Chairman, I have supported REA to the limit to give farmers the electric energy that is needed so desperately, but this bill embarks on a new Federal venture which in my studied opinion is not necessary.

The reason I have offered this amendment is because there is at least one State in our Union which has a law to permit a few people to band together to bring condemnation proceedings against existing private companies and take over their business, lock, stock, and barrel. So I just want to be sure that no Government-financed group can take over existing telephone property by condemnation procedure under the provisions of this bill. Five minutes is not enough time to explain the justification of my amendment, so I fear it will not receive the support it deserves here in the House. I hope the Senate will give it the attention it deserves when that body considers this bill.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield.

Mr. COOLEY. Why does the gentleman feel it is necessary to have that language in the bill?

Mr. JENSEN. I just explained to the House that under the law of at least one

State in our Union a small group of men can band together and take over private property by condemnation procedure. I just want to make sure it is not permitted under the provisions of this bill.

Mr. COOLEY. Well, could it possibly be true that a few people could go out and acquire the right to exercise the right of eminent domain and take over a company?

Mr. JENSEN. They do in one of our States. Of course, the property is paid for after it is taken over.

Mr. COOLEY. I never heard of it.

Mr. JENSEN. Nevertheless, that is a fact; believe it or not.

Mr. COOLEY. That is a matter that is governed by the States, and certainly not by the Congress.

Mr. JENSEN. Right; but let us make sure that it does not happen under the provisions of this bill.

Mr. COOLEY. I do not know how it would be possible to happen.

Mr. JENNINGS. Is it the purpose and the effect of the amendment the gentleman has offered to preclude the use of condemnation proceedings in order to acquire property?

Mr. JENSEN. Yes; but, of course, my amendment does not prohibit the condemnation of the right-of-way.

Mr. JENNINGS. In other words, they cannot do it?

Mr. JENSEN. They cannot. Property by condemnation procedure, except right-of-way should not be permitted.

Mr. COOLEY. When the gentleman uses the word "they," to whom does he refer?

Mr. JENSEN. I mean any group or organization. This would prohibit them from acquiring the property of a mutual telephone company or private telephone company by condemnation.

Mr. COOLEY. How on earth could they do it unless the owners wanted to sell?

Mr. JENSEN. The gentleman is talking like the good American we know him to be. I will admit it is hard to believe, but the truth is that we have one State in the Union which permits that very thing to be done.

Mr. COOLEY. That gives a private corporation the right of condemnation?

Mr. JENSEN. No; any public utility district has that right in one of our States.

Mr. COOLEY. A public utility?

Mr. JENSEN. Yes.

Mr. COOLEY. Has the right of eminent domain?

Mr. JENSEN. My amendment does not interfere with the right of eminent domain.

Mr. COOLEY. What is wrong with that? In the State of North Carolina we have the right of eminent domain to acquire property rights and rights-of-way for the extension of public utilities.

Mr. JENSEN. Sure; as does every State. That is necessary and proper, but the laws of the State of Washington permit the acquisition of private property by condemnation procedure. Let us make sure that it is not permitted under this bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The question was taken; and on a division (demanded by Mr. JENSEN) there were—ayes 9, noes 67.

So the amendment was rejected.

Mr. HARVEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARVEY: On page 3, line 20, after the word "acquisition", insert the word "consolidation" and a comma.

Mr. HARVEY. Mr. Chairman, I have another similar amendment applying to page 4. I ask unanimous consent that both amendments may be considered together.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. HARVEY: On page 4, line 13, after the word "acquisition", insert the word "consolidation" and a comma.

Mr. HARVEY. Mr. Chairman, I hope the committee will not object.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. HARVEY. I yield.

Mr. COOLEY. I have no authority to speak for the committee, but as chairman of the committee I can see no objection to the amendments. As far as I am concerned I will not object to their being adopted.

Mr. HARVEY. I am very happy to have the committee accept the amendments.

The CHAIRMAN. The question is on the amendments.

The amendments were agreed to.

Mr. POAGE. I ask unanimous consent that all Members who desire to do so may extend their remarks at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BRYSON. Mr. Chairman, our people throughout the country, especially those living in the rural areas, are delighted that Congress is considering the type of legislation as is embodied in H. R. 2960.

To those who contend that this legislation will be hurtful to private enterprise and that it is simply the establishment of another Government agency, I would call attention to the following statement from the report on the bill: "It is not a bill for Government ownership or operation of telephone facilities. On the contrary, it provides that funds shall be made available on identical terms to private corporations, public agencies, and cooperatives, gives persons now operating telephone facilities a clear preference over all other types of applicants, and preserves to the utmost the authority of State regulatory bodies over rates, service, and service areas."

I believe in private enterprise but there are instances where private enterprise cannot or will not meet the full needs of our people. The providing of adequate rural telephones like the providing of rural electricity to remote sections of our country is a typical example of where private enterprise has failed to meet the needs.

The plans contemplated under this bill seem to be most logical. It will be possible to supply this too-long-delayed and much-needed telephone service at minimum cost. One of the largest, if not the greatest item of expense in telephone service is the procurement of the right-of-way and erection of the poles. This has already been done by the Rural Electrification Administration; hence, the job is half done before we start. Of course, it is expected that rural telephones are to be supplied to areas where there may not be any rural electric lines. Under the plans contemplated in the bill, double service will be received from the already erected poles without undue strain thereon.

Under modern business methods telephone service is most essential. One can hardly imagine conducting a business or profession without a telephone. Farming is a business and farmers are in great need of telephone service.

While the great telephone companies have done a splendid job in extending their facilities they by no means have met the needs. The demands upon the present telephone companies for added services are great, but I do not believe they would ever be able to reach all who want and need telephones.

Time will not permit the enumeration of individual examples of the need for telephones. I do, however, call attention to this fact: Doctors, for instance, seldom live in the remote sections of our country nowadays. They prefer to live in the cities and towns. Everyone knows there is a shortage of doctors. With rural telephone systems, doctors can be called from their homes in the towns and be able to serve a greater number of patients.

As the use of electricity on farms has lessened the burdens of both man and beast, so will telephones not only lessen burdens but bring great comfort to our people.

Congress is now seeking to deal with the complex slum areas in our cities. One of the solutions to this problem is to make rural life more attractive and

profitable. The enactment of this bill into law will tend to induce our young people to remain on the farms, and at the same time will cause those who live in the cities to seek the open spaces.

The theory of this bill is wholesome. I trust Congress will act favorably on the measure without delay, thus rendering constructive service to our people and our country.

Mr. MILLER of Nebraska. Mr. Chairman, I expect to support this bill which makes it possible for the Rural Electrification Administration to cooperate with their local groups and install rural telephones whenever it is feasible.

It is estimated that 57 percent of rural America is without telephone service. I believe that percentage would be high as compared to the 38 counties I represent in the Fourth Congressional District of Nebraska.

We can all be justly proud of the record made by the REA. This organization started in 1936. At that time about 11 percent of the homes in rural areas had electricity. Today about 75 percent of the rural homes have electricity. In 1936 about 22 percent of the rural homes had telephones, while today it has only increased about 21 percent.

My colleagues, I speak with a great deal of frankness because as a doctor in a rural community I can appreciate the need for telephones when sickness comes to that home. Telephone service can bring great service and benefits to the farm. It is no longer a luxury but a necessity. In my own personal experience, I have seen patients lose their lives because they had no quick access to a doctor or a hospital when accidents or sudden illness came to the family. My own mother died 45 years ago, at an early age, and I am convinced had we had a telephone, and the doctor could have been reached earlier, she might still have been alive. There is no question but rural telephones can bring great comfort to those far removed from the city. In my own opinion telephone service is far more necessary in rural areas than in cities where hospital and other emergency facilities are close at hand.

I have read the bill carefully. It seems to me that the committee has properly protected the existing telephone companies. There will be no duplication of telephone installation. The bill provides that existing private telephone companies have 6 months in which to make an application for a loan to either extend or remodel their present facilities. This section of the bill gives emphasis to and protects free enterprise. The bill provides that these existing private telephone companies may get money on a 33-year loan at 2-percent interest. If they do not care to extend their facilities, then it will be possible for the present REA facilities to form cooperatives and get a long-term loan to modernize or extend telephone services to the remote rural areas. It should be understood that this is not a gift. It is a loan. It is paid back with interest. The REA's have an excellent record of paying back the money they have borrowed.

This bill if enacted into law will bring the needed comforts to rural areas. I feel certain, Mr. Speaker, that this legislation is in the public interest and ought to become law.

Mr. COOLEY. Mr. Chairman, under leave to extend my remarks I desire to make a few brief observations concerning the rural telephone bill.

During my service in Congress I have participated in the preparation and passage of many measures which have been beneficial to the farmers of the Nation. I take great pride in the fact that for 16 years I have been permitted to serve on the House Committee on Agriculture. I take even greater pride in the fact that the farmers of the Nation today are enjoying a greater degree of prosperity than they have enjoyed at any time in the history of our Nation. For too many years the farmers of America were neglected. Our failure to provide the farms of the Nation the blessings and benefits of electric light and power is perhaps one of the greatest crimes of our day and generation. But for the action taken here in the Halls of Congress in creating the Rural Electrification Administration, countless thousands of our citizens, living in the rural areas, would still be without the God-given blessings of electricity, yes, they would be in outer darkness and in utter darkness. It is really difficult for those citizens who live in cities and who have known and have enjoyed the blessings of electric light and power, to understand and to appreciate their great luxury, and it is even more difficult for them to know and to understand the loneliness of the darkness of the countryside. Now, thanks to REA, thousands upon thousands of the homes of rural America have been made happy and life on the farm is less burdensome.

Every farm home in America should have a good road leading to its door, it should be lighted with electricity, and it should have all of the benefits and blessings of electric power, and in addition thereto, Mr. Speaker, every farm home should have the benefits of a telephone. With electricity has come radio and all of its enjoyment, yes, and with electricity has come sanitation, refrigeration, and a thousand and one other blessings. But even though a farm home has electric light and power, and even though it has a good road leading to its door, but has no telephone, it is still isolated from the rest of the world. In the event of an emergency, if a farmer living in an isolated area is without a telephone, he has no way to communicate with his physician, even though there is serious illness in his family. If he is without a telephone and is without modern transportation, he is shut off from the rest of the world. A farmer so situated might find himself confronted with a sudden emergency and be forced to walk through darkness many long miles to a telephone to summon a doctor to the bedside of a desperately ill member of his family. During his absence on such an emergency the members of his family, perhaps a lonely wife, must be left alone in physical pain and with great mental anguish. If a farmer so situated finds it necessary to call upon

the officers of the law to protect his life or his property, he may be forced to abandon his family and his fireside and to travel a great distance to summon the law-enforcement officers of his county. If, on the other hand, a farm home is equipped with a telephone, the farmer and the members of his family are always near to the doctor, to the sheriff, to the merchant, yes, and to the neighbors, and without delay he can summon the assistance of all of them. Who among us would say that the farmers of the Nation should longer be neglected, and who among us would deny them the right to have the benefits of this modern means of communication? Telephones are now a necessity, they are no longer mere luxuries, and telephones should be in the easy reach of every home on every farm in this Nation, and the rates should at all times be reasonable so that every farmer can afford to have a telephone.

I can, of course, appreciate the fact that during the war there was a great shortage of critical materials. I know that there was a shortage of telephones, a shortage of wire, insulation, and other equipment, and even of manpower. I can therefore very readily appreciate and understand why it was not possible for private companies to build rural lines. I discussed this situation with officials of private companies, and I was rather fully advised concerning the desperate shortage of equipment and materials. I was assured that when the war was over and materials became plentiful that rural lines would be extended. I know that many of the companies have actually been distressed over the fact that they have not yet been able to meet the great demands which have been made upon them. I know, too, that some of the companies have made great progress in the building of rural lines, but I know, on the other hand, that in many areas the rural people have been neglected and rural lines have not been extended in many areas where they could have been very easily extended. In my own State of North Carolina, with a total of 287,412 farm homes in 1945, we only had the small number of 14,539 farm homes with telephones. In other words, there were 272,873 farm homes in North Carolina in 1945 without telephones. Even in 1920, 12.2 percent of the farm homes in my State had telephones. Whereas in 1945 only 5.1 percent had telephones. Even these rural telephones were not sufficiently and satisfactorily operated. When I realize that 272,873 farm homes in my State of North Carolina were without telephones in 1945, and that there had been such a substantial decrease in the percentage of rural homes with telephone service from 1920 to 1945, I am impressed with the great necessity of trying to do something about this situation. The information I have, however, does lead me to believe that at least in eastern North Carolina some progress has been made. Actually I am advised that the Carolina Telephone & Telegraph Co., which operates in my particular area, has perhaps the best record in extending rural lines than that of any other company in all the Nation. While

I congratulate and commend the officials of this great company, and while I am delighted with the progress that has been made, I cannot say that on a Nation-wide basis I am satisfied with the progress that has been made by the companies now in existence. Being impressed, however, by the thought that if given proper encouragement, these companies might further extend rural lines, I am anxious to accord to them a further opportunity and privilege to do so.

We have, therefore, provided that for the first 6 months companies now in operation shall be given the exclusive right to apply for lines. If the private companies, in good faith, do intend to provide adequate telephone facilities in the rural areas of America, this is their opportunity and I hope that they will seize upon it. I realize, of course, Mr. Speaker, that the companies can make more money in the thickly populated areas and I appreciate the fact that rural lines on a per customer basis are more expensive to construct, to maintain, and to operate, but after all, we are here dealing with public utilities and certainly we have a right to expect these corporations to render appropriate public service. This is their chance if they want to extend rural lines and we are trying to help them do so. If on the other hand they do not want to and will not build the rural lines, which must be built, then we are here and now authorizing the use of Federal funds and the credit of the Federal Government in aiding farmers to organize in a cooperative effort to provide these very necessary facilities.

We must make the rural homes in America healthier and happier, and nothing will contribute to the health and happiness of the farm families of America more than electricity and proper means of communication. I am, therefore, delighted in the thought that before this session of Congress adjourns, hope will be given to the farmers of the Nation who are now isolated on account of a lack of proper communication facilities. Every time we contribute to the happiness of farmers we contribute to the stability of our national economy and to the security of our great Nation.

In providing electricity and in the building of distribution lines, wire, insulation, poles, and other materials must be used, but stringing telephone wires on electric poles and perhaps even using the same hot wires through which the electric current is transmitted, telephones should be provided for citizens who are now members of rural electric cooperatives at a cheaper rate and at a rate which every member could well afford to pay. It should not be necessary to make great investments in poles, rights-of-way, or other capital investments. I have every reason to believe that most of the members of rural electric cooperatives, who feel the necessity of having telephones, will apply for telephone service.

Certainly the big companies should have no objection to this bill. Every rural telephone user will immediately become a potential customer, since all cooperatives, always of necessity, must have long-distance connections. If a

farmer on the east coast wants to communicate with someone on the west coast, the big companies will profit by each and every call. After all is said, every new rural customer will immediately contribute to the profits of the big companies who now control the transcontinental lines and the big systems which are now in operation.

In conclusion, Mr. Chairman, I desire to express the hope that service in rural areas will be extended and be made more efficient and will be made cheaper, for I know that all of this will contribute to the strength and to the happiness of the people of this great Nation.

The CHAIRMAN. Under the rule, the Committee rises.

According the Committee rose; and the Speaker having resumed the chair, Mr. PRICE, Chairman of the Committee of the Whole House on the State of the Union reported that that Committee, having had under consideration the bill (H. R. 2960) to amend the Rural Electrification Act to provide for rural telephones, and for other purposes, pursuant to House Resolution 267, he reported the same back to the House with sundry amendments adopted in the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. COOLEY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 282, nays 109, not voting 41, as follows:

[Roll No. 126]

YEAS—282

Abbott	Burleson	Dolliver
Abernethy	Burnside	Donohue
Addonizio	Burton	Doughton
Albert	Byrne, N. Y.	Douglas
Allen, La.	Byrnes, Wis.	Doyle
Andersen	Camp	Durham
H. Carl	Cannon	Eberharter
Andresen	Carlyle	Elliott
August H.	Carnahan	Engel, Mich.
Andrews	Carroll	Engle, Calif.
Aspinall	Case, N. J.	Evins
Auchincloss	Case, S. Dak.	Feighan
Barden	Celler	Fernandez
Baring	Chelf	Fisher
Barrett, Wyo.	Christopher	Flood
Bates, Ky.	Chudoff	Fogarty
Battle	Cole, Kans.	Forand
Beckworth	Cole, N. Y.	Frazier
Bennett, Fla.	Colmer	Fugate
Bennett, Mich.	Combs	Fulton
Bentsen	Cooley	Garmatz
Biemiller	Cooper	Gary
Bland	Cotton	Gathings
Blatnik	Cox	Golden
Boggs, La.	Crook	Gore
Bolling	Crosser	Gorski, Ill.
Bonner	Cunningham	Gorski, N. Y.
Bosone	Davis, N. Y.	Gossett
Boykin	Davis, Ga.	Granger
Brehm	Davis, Wis.	Grant
Brooks	Dawson	Gregory
Brown, Ga.	Deane	Gross
Bryson	DeGraffenried	Hagen
Buchanan	Denton	Hand
Burdick	D'Ewart	Harden

Hardy  
Hare  
Harris  
Harvey  
Havenner  
Hays, Ark.  
Hays, Ohio  
Hebert  
Hedrick  
Herlong  
Hill  
Hobbs  
Hollfield  
Holmes  
Hope  
Horan  
Howell  
Hull  
Irving  
Jackson, Wash.  
Jacobs  
Javits  
Jenkins  
Jennings  
Johnson  
Jones, Ala.  
Jones, Mo.  
Jones, N. C.  
Karst  
Karsten  
Kee  
Keefe  
Kelley  
Keogh  
Kerr  
Kilday  
King  
Klirwan  
Klein  
Kruse  
Lane  
Lanham  
Larcade  
LeCompte  
Lemke  
Lesinski  
Lind  
Love  
Lucas  
Lyle  
Lynch  
McCarthy  
McCormack  
McCulloch  
McGrath  
McKinnon  
McMillan, S. C.  
Mack, Ill.  
Mack, Wash.  
Madden

Magee  
Mahon  
Mansfield  
Marcantonio  
Marshall  
Marshall  
Martin, Iowa  
Martin, Mass.  
Morrow  
Meyer  
Miles  
Miller, Md.  
Miller, Nebr.  
Mills  
Monroney  
Morgan  
Morris  
Morton  
Moulder  
Multer  
Murdoch  
Murphy  
Murray, Tenn.  
Murray, Wis.  
Nelson  
Nixon  
Noland  
Norblad  
Norrell  
Norton  
O'Brien, Mich.  
O'Hara, Ill.  
O'Hara, Minn.  
O'Konski  
O'Neill  
O'Sullivan  
Pace  
Passman  
Patman  
Perkins  
Peterson  
Phillips  
Phillips, Calif.  
Phillips, Tenn.  
Pickett  
Poage  
Polk  
Potter  
Poulson  
Preston  
Price  
Priest  
Rabaut  
Rains  
Ramsay  
Rankin  
Redden  
Rees  
Rhodes  
Richards

Rodino  
Rogers, Fla.  
Sanborn  
Sasser  
Scudder  
Secrest  
Sheppard  
Short  
Sikes  
Simpson, Ill.  
Sims  
Smathers  
Smith, Kans.  
Smith, Va.  
Spence  
Stanley  
Steed  
Stefan  
Stigler  
Stockman  
Sullivan  
Sutton  
Tackett  
Talle  
Tauriello  
Teague  
Thomas, Tex.  
Thompson  
Thornberry  
Tollefson  
Trimble  
Underwood  
Van Zandt  
Vinson  
Vursell  
Walsh  
Walter  
Weichel  
Welch, Mo.  
Wheeler  
Whitaker  
White, Calif.  
White, Idaho  
Whitten  
Whittington  
Wickersham  
Wier  
Williams  
Willis  
Wilson, Ind.  
Wilson, Okla.  
Winstead  
Withrow  
Wolverton  
Wood  
Worley  
Yates  
Young  
Zablocki

## NAYS—109

Allen, Calif.  
Allen, Ill.  
Anderson, Calif.  
Arends  
Bailey  
Barrett, Pa.  
Bates, Mass.  
Beall  
Bishop  
Blackney  
Boggs, Del.  
Bolton, Ohio  
Bramblett  
Breen  
Brown, Ohio  
Buckley, Ill.  
Chesney  
Chipperfield  
Church  
Corbett  
Crawford  
Curtis  
Dague  
Davenport  
Delaney  
Dollinger  
Dondero  
Eaton  
Ellsworth  
Elston  
Fallon  
Fellows  
Fenton  
Ford  
Gamble  
Gavin  
Gillette

Goodwin  
Gordon  
Graham  
Granahan  
Green  
Gwinn  
Hale  
Hall  
Leonard W.  
Hertel  
Heseltun  
Hinshaw  
Hoffman, Mich.  
Huber  
Jackson, Calif.  
James  
Jenison  
Jensen  
Jonas  
Judd  
Kean  
Kearney  
Kearns  
Keating  
Kennedy  
Kilburn  
Kunkel  
Latham  
LeFevre  
Lichtenwalter  
Linehan  
Lodge  
McConnell  
McDonough  
McGuire  
McSweeney  
Macy

Mason  
Michener  
Nicholson  
O'Brien, Ill.  
O'Toole  
Patten  
Patterson  
Quinn  
Reed, Ill.  
Reed, N. Y.  
Regan  
Ribicoff  
Rich  
Riehlman  
Rooney  
Sabath  
Sadiak  
St. George  
Scott, Hardie  
Scott  
Hugh D., Jr.  
Scrivner  
Shafer  
Simpson, Pa.  
Smith, Ohio  
Smith, Wis.  
Taber  
Taylor  
Towe  
Velde  
Wadsworth  
Wagner  
Werdel  
Wigglesworth  
Wilson, Tex.  
Wolcott  
Woodruff

## NOT VOTING—41

Angell  
Bolton, Md.  
Buckley, N. Y.  
Bulwinkle

Burke  
Canfield  
Cavalante  
Chatham

Clemente  
Clevenger  
Coudert  
Davis, Tenn.

Dingell  
Furcolo  
Gillmer  
Hall  
Edwin Arthur Mitchell  
Halleck  
Harrison  
Hart  
Heffernan  
Heiler  
Hoeven

Hoffman, Ill.  
McGregor  
McMillen, Ill.  
Miller, Calif.  
Morrison  
Pfeifer  
Joseph L.  
Pfeiffer  
William L.  
Plumley

Powell  
Rivers  
Rogers, Mass.  
Roosevelt  
Sadowski  
Staggers  
Thomas, N. J.  
Welch, Calif.  
Woodhouse

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Harrison for, with Mr. Hoffman of Illinois against.  
Mrs. Woodhouse for, with Mr. McMillen of Illinois against.

General pairs until further notice:

Mr. Morrison with Mr. Welch of California.  
Mr. Rivers with Mr. Plumley.  
Mr. Mitchell with Mr. William L. Pfeiffer.  
Mr. Sadowski with Mr. Canfield.  
Mr. Roosevelt with Mr. Halleck.  
Mr. Gilmer with Mr. Angell.  
Mr. Burke with Mr. Clevenger.  
Mr. Davis of Tennessee with Mr. Coudert.  
Mr. Bolton of Maryland with Mr. Edwin Arthur Hall.  
Mr. Dingell with Mr. Hoeven.  
Mr. Chatham with Mrs. Rogers of Massachusetts.  
Mr. Miller of California with Mr. McGregor.  
Mr. Staggers with Mr. Vorys.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

## EXTENSION OF REMARKS

Mr. SHEPPARD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein by direction of the California delegation, a resolution.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

## REHABILITATION OF NAVAJO AND HOPI INDIAN TRIBES

Mr. SABATH, from the Committee on Rules, reported the following privileged resolution (H. Res. 282) providing for the consideration of the bill (H. R. 5208) to promote the rehabilitation of the Navajo and Hopi Indian Tribes and the better utilization of the resources of the Navajo and Hopi Indian Reservations, and for other purposes (Rept. No. 1040) which was referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5208) to promote the rehabilitation of the Navajo and Hopi Tribes of Indians and the better utilization of the resources of the Navajo and Hopi Indian Reservations, and for other purposes. That after general debate which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Lands, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without

intervening motion except one motion to recommit.

## EXTENSION OF REMARKS

Mr. DONDERO asked and was given permission to extend his remarks in the Appendix of the RECORD and include a newspaper article.

Mr. STEFAN asked and was given permission to extend his remarks in the RECORD and include an address by Bishop Bergan, archbishop of Omaha.

Mr. JUDD asked and was given permission to extend his remarks in the RECORD in three instances and include extraneous material.

Mr. MICHENER asked and was given permission to extend his remarks in the RECORD and include an editorial.

## ADJOURNMENT FROM THURSDAY TO MONDAY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns tomorrow it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, will the gentleman tell us the program for tomorrow?

Mr. McCORMACK. Mr. Speaker, the next order of business today will be consideration of the bill (H. R. 940) to authorize public improvements in Alaska.

On tomorrow the first order of business will be the resolution relating to overtime on overtime, then H. R. 5187, the fur-labeling bill, and H. R. 5208, pertaining to rehabilitation of the Navajo Indians.

Mr. MARTIN of Massachusetts. The gentleman is not ready to state the program for next week?

Mr. McCORMACK. No. I may say, however, that the agricultural bill will be taken up on Tuesday and general debate will begin at that time. I can definitely make that statement to the House at the present time.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

## A CASE OF POOR MEDICAL ATTENTION IN THE NAVY

Mr. CROOK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include a letter from Louis J. Ankney.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. CROOK. Mr. Speaker, one of my young constituents, who now resides at 2314 Eighteenth Street NW., Washington, D. C., was given honorable discharge from Navy service on July 1, 1949, and recently called at my office to disclose the deplorable neglect that was netted him when critically ill during his service for our Nation. It is a miracle that the young man was able to withstand the ordeal and relate his painful experiences.

Mr. Speaker, that every Member of this Congress may be privileged to know the full particulars of this case, I include the following letter from Louis J. Ankney, drafted in the interest of all young men in the service:

WASHINGTON, D. C., July 12, 1949.  
HON. THURMAN CROOK,

House of Representatives.

DEAR MR. CROOK: Confirming our conference of July 9, 1949, I wish to present the following facts in support of my complaint of the poor medical attention which I received during my service in the United States Navy.

On September 5, 1943, I felt distressful pains in my lower right side and back. I reported to sick bay on my ship, the U. S. S. *Wallace L. Lind* DD 703. The doctor in diagnosing the case sent bowel specimens to the laboratory for analysis to determine if intestinal parasites could have caused the pains. The results were negative. During the interim between the medical examination and obtaining the results of the laboratory tests, I continued to have the pains; however, I received no treatment.

I had another severe attack in the abdomen on September 20 and was unable to move. I was taken to the naval dispensary in Algiers, La., in an ambulance. The duty medical officer examined me at 2 a. m. and at 2:10 a. m. I was out of his office. His examination was limited to the chest and stomach. In the meantime the pains subsided.

On October 10 I again felt distressing pains and reported to sick bay aboard ship to the chief pharmacist's mate, but no treatment was given. I continued to perform my duties, but never felt well.

On April 4, 1949, while in port in Algiers, La., I reported to the same ship doctor with the same complaint. The doctor told me that I would be sent to the dispensary just as soon as the ship returned from cruise. The cruise to Tampico, Mexico, started the following morning and took 12 days. On April 14 I felt severe pains in my abdomen, with diarrhea and nausea, and reported again to the chief pharmacist's mate who immediately took my temperature and white blood count. My temperature was 102 degrees and my white blood count very high.

The pharmacist's mate informed the doctor who was on a destroyer en route with our ship and the doctor was put aboard ship. His diagnosis was acute appendicitis. Ice packs were applied and penicillin injected. The captain of the ship, Commander Robert E. Wheeler, and the doctor agreed, if necessary, to send a plane to ship and take me to the nearest hospital. One hour later my temperature began to recede and the pain to subside, so the doctor recommended that I stay aboard ship for the 2 days until we reached home port at Algiers, La. When the ship arrived in port I was transferred to an ambulance and taken to the dispensary. The pharmacist's mate at the dispensary again took my blood count and temperature and I was told to go to bed. The following morning I was examined by a Lieutenant John, and the next day I was allowed to get up.

With acute appendicitis I was ordered to take a train to Pensacola, Fla., the location of the nearest naval hospital. No medical officer or medical attendant accompanied me. I arrived at the United States naval hospital on April 19, and was confined to bed. On April 21 an appendectomy was performed by Lieutenant Mullens and Commander Berley, lasting approximately 30 minutes. The anesthetic began to wear off after 10 minutes on the operating table. How I endured the pain attendant thereafter, I cannot express adequately.

The following morning I was permitted to get up, but I felt hot and dizzy and returned to bed. The following week I felt good, but had pains and a temperature. Seven days

after the operation I had severe abdominal pains. Drs. Mullens and Berley were sent for. They examined me. I was X-rayed and a suction hose put into my stomach. I was given streptomycin and penicillin injections night and day. After 10 days of Wagonstien suction and intravenous feeding I was allowed to get up and move about a little. Approximately 2 weeks later I was given a barium enema and GI (gastric intestinal) series of X-rays by Lieutenant Commander Fredio, to determine pains in the abdomen. The results showed abscess of the lower intestine. Four days later I was operated on to remove abscess by Captain Moon and Commander Berley.

During the operation a wall of peritonitis covering the stomach was discovered. My wife was notified by telegram that I was in critical condition.

In the course of 2 months I had lost 40 pounds and suffered beyond words. Fifteen days after the operation I was allowed to stand, but I couldn't stand alone. Soon I gained a few pounds and started to regain my strength. On June 27, 1949, I was returned to duty and on July 1, I was given an honorable discharge from the service. I can quote one of the doctors as saying "He's a miracle of modern medicine."

I firmly believe that if I had been thoroughly examined and given proper treatment from the onset of this condition, all the pain, suffering, and time lost from duty could have been avoided. Also, if the doctors at Pensacola, Fla., had taken more precautions in the removal of my appendix, the peritonitis which nearly caused my death would not have developed.

I have lived to tell this story and I wish that it will, in some small measure, be brought into the limelight so that the young men still in the service will not suffer as I did through lack of prompt and proper medical attention.

Sincerely yours,

LOUIS J. ANKNEY.

#### PUBLIC IMPROVEMENTS IN ALASKA

Mr. SABATH. Mr. Speaker, I call up House Resolution 279 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved*, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 940) to authorize public improvements in Alaska, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Lands, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SABATH. Mr. Speaker, this resolution makes in order consideration of the bill (H. R. 940) to authorize public improvements in Alaska and for other purposes, and involves certain construction near the city of Anchorage. There is provided 1 hour of general debate, after which the bill will be read under the 5-minute rule for amendment.

This project, which is recommended by the Department of the Interior, will cost a little over \$21,000,000.

The purpose of this bill is to authorize the construction of the Eklutna project near Anchorage, Alaska, and to authorize continuing investigations as to further possibilities for the development of the Territory's natural resources and their beneficial uses. The evidence before the Committee on Rules disclosed that for 82 years the Territory has operated largely as a frontier economy. Since the Second World War the city of Anchorage has grown from 3,500 to 30,000 population. It is apparent now, in postwar appraisal, that the security of Alaska is essential to the security of the United States, and the development of the economy is necessary to the strengthening of the national economy. In order to fulfill its proper role, Alaska must have more people, more railroads, more roads, more power, and more industries. Such improvement will aid in raising the Territory from its present frontier status to a self-sufficient economy.

In those parts of Alaska where improvements are urgently needed, there are now six small, publicly operated and five small, privately operated sources of power. In the construction of these power facilities, provision was made to take care of immediate power needs, without planning for the future demands. As a result, the power available is not sufficient to maintain adequate service at the present time.

The Committee on Public Lands felt that it is important to the strengthening of the national economy and to the protection of our security that the settlement and the development of Alaska be encouraged and facilitated. In order to accomplish those ends, it is essential that power facilities be provided under the program of the Department of the Interior, with its responsibility for the Territory of Alaska. This bill will bring about the further development of Alaska.

This bill has the unanimous approval of the Committee on Public Lands, and although there is some disagreement as to who should construct this power plant, I nevertheless feel that the Department can work this out, and I shall not interfere.

I am doing my duty in presenting the rule and feel that it should be adopted and the bill passed.

Mr. Speaker, I now yield 30 minutes to the gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN of Illinois. Mr. Speaker, I yield myself such time as I may desire.

Mr. Speaker, there is no opposition to this rule and I am certain there is no opposition to the bill. The intent is to strengthen the economy of Alaska by developing this power, and so forth, to protect us and the people of Alaska from a military standpoint.

Mr. SABATH. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. PETERSON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 940) to authorize public improvements in Alaska, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 940, with Mr. SIKES in the chair.

The Clerk read the title of the bill.

By unanimous consent the first reading of the bill was dispensed with.

Mr. PETERSON. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, the bill under consideration proposes to meet the critical power shortage which now exists in the Territory of Alaska. The bill was drafted after conference with the Department of the Interior and after conference with and report from a representative of the armed forces in that area. This project is greatly needed. We studied a much larger over-all problem, but we finally decided to authorize the specific project outlined here. We threw around it certain safeguards, and there is no controversy about the project. The Members on both sides supported it, and it has the unanimous report from the committee and from the departments involved. We cut out the recreational features. We provided for reimbursement over a period of 50 years with an interest rate of 2½ percent; in other words, we put more strict provisions in this project than in many others. I anticipate no objection.

While I am on my feet I might say this, in order to save the time of the committee in the consideration of the bill I have placed various committee amendments into one amendment, and at the proper time we will offer it, so we will not be bothered with a number of amendments. It provides for reducing the amount, period of amortization and that sort of thing.

Mr. Chairman, I now yield to the Delegate from Alaska [Mr. BARTLETT] 12 minutes.

Mr. BARTLETT. Mr. Chairman, passage of H. R. 940 would provide the means whereby the existing deficiency in the amount of electric energy available for Anchorage, Alaska, and the surrounding areas could be ended.

I hope the House will pass this bill.

It provides the first well-thought-out plan to meet in a coordinated fashion the requirements of that region for power.

H. R. 940 was unanimously approved by the House Public Lands Committee. H. R. 940 gives the Secretary of the Interior, in furtherance of his duties in promoting the development of Alaska, authority to construct and to operate and to maintain hydroelectric power projects in the Territory of Alaska. Under the provisions of the measure no such project could be undertaken without expressed approval of the Congress. However, the Secretary would have continuing authority to make investigations and to report his findings to Congress.

The bill specifically approves the Eklutna power project at a cost of \$20,365,400. A committee amendment, adopted at the suggestion of the Bureau of the Budget, deletes the sum of \$1,215,500 for recreational facilities. As originally reported by the committee the bill provided for repayment of the \$20,365,400

in 52 years. Another amendment reduces the payment period to 50 years. I am told by Mr. Joseph M. Morgan, Chief of the Alaska Investigations Office, that the project can pay out in 50 years.

It should be emphasized, then, that every penny authorized to be appropriated in this bill will be repaid to the United States Treasury with interest.

It is set forth in the bill that power would be sold "so as to encourage the most widespread use thereof at the lowest possible rates to consumers compatible with the maintenance of adequate electric service." The importance of this provision cannot be overemphasized. That is because power rates in Alaska up to now have been necessarily very high. There is every good reason to believe that they can be materially lowered through construction of the Eklutna project, thereby attracting industry, saving money for the Federal Government agencies concerned and removing some of the financial load from the domestic users of electric energy.

The bill would make possible construction of a power plant of 30,000 kilowatts capacity. It is interesting to note that the existing kilowatt capacity in all of Alaska at this time, public and private, hydro and steam and Diesel, is only 55,371. So the existing capacity will be materially enlarged when Eklutna has been completed. It is estimated that every last kilowatt produced at Eklutna could be sold by 1954, and it is not likely that the plant would be ready for service much, if any, before that time.

In the meantime Anchorage, the fastest growing city in Alaska, will be obliged to struggle along as best it can. There is now an almost appalling lack of power. The communities, the Federal agencies, and others have made valiant efforts to struggle along as best they could under the weight of the loan which has been thrust upon them. Until Eklutna has been completed there will be further interruptions of service, further rationing of energy, and continuing failure to serve areas which are in need of service. But, at least there will be the heartening knowledge that Eklutna will before too long be supplying the power so badly needed, not only at Anchorage alone but for the surrounding area, the military, and the other Federal agencies.

I should mention here that this bill is before you primarily because of the interest in the development of Alaska taken by the gentleman from Iowa, Hon. BEN F. JENSEN. When Mr. JENSEN was chairman of the Interior Department Appropriations Subcommittee, he was largely if not altogether responsible for inserting in the appropriation bill an item of \$150,000 for investigation of Alaska power resources. Representative JENSEN had been to Alaska and had correctly judged that one of the compelling present needs, as well as one of the absolute requirements, in the development of the Territory was early utilization of the rich and almost uniquely abundant water power resources. Likewise it was apparent to him that no private capital was available for hydro development.

Following the appropriation of the \$150,000 an Alaska office was established.

In almost record time Mr. Morgan and his associates made an exhaustive investigation of the Eklutna project. As a result, a most comprehensive report on Eklutna has been written and approved by the Secretary of the Interior and by the Bureau of the Budget. It was on the basis of that report largely that the House Public Lands Committee was persuaded that H. R. 940 should be favorably reported to the House.

It is not intended that H. R. 940 would extend the irrigation and reclamation laws to Alaska. The measure's provisions are specific—to give the Secretary of the Interior authority to investigate on a continuing basis, and to construct the Eklutna plant. It should be further noted that the authority for construction is not delegated specifically to the Bureau of Reclamation but is conveyed only to the Secretary of the Interior.

At the present time utility systems, all of them public, in the city of Anchorage and the Matanuska Valley have a production capacity of only 8,625 kilowatts. This is far, far short of the actual need.

There will be no competition with private industry if this measure is enacted, if the appropriation is made and if the Eklutna plant is built. The truth is that private capital is simply not available on the scale required here. I have never heard of any interest on the part of private capital to enter this field, and I am sure there is no such interest. Only public systems are now furnishing power to the area which would be served from Eklutna.

The principal systems in Alaska at this time happen to be owned by two gold-mining companies. The Alaska Juneau Gold Mining Co. at Juneau has hydro and steam plants capable of generating 21,725 kilowatts. The United States Smelting Refining & Mining Co. at Fairbanks has a steam plant with a capacity of 9,500 kilowatts. In all of Alaska private plants can furnish only 35,931 kilowatts and public plants only 19,440. Everywhere—and this is almost literally true—there is deficiency in plant capacity. Industry cannot be attracted if power is not available. And it must be available at reasonable rates. In this field the Government can be of material assistance. The water power found in so many parts of Alaska is now going to waste almost entirely. It should not be so wasted. It should be put to constructive use so that industry would be attracted, so that population would grow, with accompanying benefits to the Territory and to the United States as a whole. Up to this time the Government, in contrast to the policy so long and so widely accepted in development of the West's water-power resources, has not put a thin dime into development of Alaska's water power. The start should be made now. It should be made with enactment of H. R. 940. As the report of the committee points out:

It is apparent now, in postwar appraisal, that the security of the Territory is essential to the security of the United States, and the development of its economy necessary to the strengthening of the national economy. In order to fulfill its proper role, Alaska must have more people, more railroads, more roads, more power, and more

industries. Such improvements will aid in raising the Territory from its present frontier status to a self-sufficient economy.

Alaska is a land rich in natural resources. If its potentialities are to be realized and its resources developed, hydroelectric projects must be constructed and operated. Cheap and abundant power will attract major industries to Alaska. Veterans and other persons will be encouraged to become permanent residents. Power will further the self-sufficiency of the Territory's defense installations.

The report goes on to point out that Lt. Gen. N. F. Twining, Commanding General of the Alaskan Command, has in a letter addressed to the Secretary of the Interior under date of November 19, 1948, called attention to the high desirability of bringing the water-power resources of Alaska into useful service. It would be well here to quote from General Twining's letter:

My responsibility as the unified commander of the armed services in Alaska requires that I examine all of the factors which affect the national military establishment within the Territory. It is quite evident that the over-all defense of Alaska depends upon two closely interrelated factors, the military facilities and installations available to the armed forces and the civil resources of the Territory.

To the extent that civil facilities are developed to a level which will permit a self-sustaining economy and a full development of the natural resources of the Territory, the expenditures for purely military works may be reduced. The benefit to the national economy of such a reduction in military expenditure is obvious.

A review of the various programs proposed for implementation by the Department of the Interior indicates that a number of these would, if implemented, strengthen the internal economy of Alaska, and thus tend to reduce the investment in military works without a corresponding reduction in defense capabilities.

Cheap and dependable power is a necessity for the development of any community. Only minor development of hydroelectric power has taken place in Alaska and yet a potential exists which has been described as almost unlimited. A program for the development of hydroelectric power in the Anchorage area would undoubtedly result in a major improvement in the economic condition of this part of the Territory.

The plan recommended by the report of the Alaska Investigations Office calls for the construction of a low dam which would raise the level of Eklutna Lake by 2 feet. A tunnel  $4\frac{1}{2}$  miles in length would be provided to lead from the lake through the mountain to the north. The penstock would be 1,250 feet long and at the base of the mountain would be the power plant of 30,000 kilowatt capacity. Transmission lines would lead from the plant to load centers in the Matanuska Valley and also to the city of Anchorage.

The total estimated cost takes into account Alaska differentials and price levels.

It is estimated benefits would exceed the project cost in the ratio of 1.7 to 1.

History shows that the area in which it is proposed to build the dam was first visited by traders and trappers in the latter part of the eighteenth century. It was not, however, until Anchorage was founded during the construction period of the Alaska Railroad in 1915 that there was any substantial settlement in

the area. Even as late as the fall of 1939, when the last census was taken, the population of Anchorage proper was only 3,490 persons. It was after that that Fort Richardson, close to the city, was established, and that rapid growth started. It is impossible, of course, at this time to state what the exact population of Anchorage and the immediate vicinity is. That will be disclosed in the census of 1950. Population estimates for Anchorage proper at this time range from 20,000 to 25,000 and it has been said that as many as 45,000 persons, exclusive of military, are now living in that immediate area. It is unnecessary to point out what this rapid and heavy growth in population has done by way of putting a strain upon all public utilities. Anchorage now has a small hydro plant at Eklutna which produces 2,000 kilowatts. There is a Diesel plant, likewise operated by the city of Anchorage, capable of producing 1,300 kilowatts. In its extremity the city was forced after the end of the war to acquire the stern half of a wrecked tanker. Its boiler and generating equipment have been used to furnish additional power but the operation is expensive and entirely unsatisfactory. The Alaska Railroad has a steam plant of 600-kilowatt capacity but it is so old and deteriorated that it was not operated for 10 years until it was called upon in the postwar period to meet urgent demands when the demand upon the Anchorage public utilities was such that the load was too great. Military authorities were forced to provide a generating plant at Fort Richardson instead of obtaining energy from Anchorage public utilities as they desired. Even so, the military needs for power are still great. The entire Matanuska Valley is forced to rely upon Anchorage public utilities. Ever since 1941 there has been a need for power which could never be met by existing facilities. Every day the situation becomes worse. By every logical test it would seem that it would be appropriate for the Federal Government to come to the rescue of the area. The propriety of doing so is made altogether evident by the fact that the money provided for the proposed installation at Eklutna would come back in full to the Treasury in many ways—first by direct repayment; second by payment of interest; and third, and even more important, by providing an essential whereby the entire area could develop on a more orderly basis.

The famous Matanuska Valley is some 50 miles northeast of Anchorage. Palmer, with a population of about 1,000, is the supply center for the valley. The entire valley probably has a population now of about 4,500. That population is increasing fairly rapidly.

Eklutna Lake is in the Chugach Mountain Range at an elevation of 868 feet. It is about halfway between the Matanuska Valley to the north and Anchorage to the south. It is reached by a road which extends for a distance of 10 miles from the main Anchorage-Palmer Highway. The access road turns off the main highway 26 miles north of Anchorage. Eklutna Lake has a maximum depth of 200 feet and is approximately 7 miles long and 1 mile wide.

The record high temperature for the Eklutna area is 92 degrees Fahrenheit, and the record low minus 37 degrees. Annual precipitation is between 14 and 16 inches, and thus the region can be designated as being semiarid. Precipitation is heaviest during the late summer period. The growing season in the Matanuska Valley averages 108 days a year.

The temperature extremes at Anchorage demonstrate the similarity of the climate to that found in many sections of the United States. This is illustrated by the following table:

City	Years record	Maximum temperature	Minimum temperature
Anchorage, Alaska.....	29	92	-37
Butte, Mont.....	40	100	-52
Salt Lake City, Utah.....	40	105	-20
Cheyenne, Wyo.....	40	100	-38
St. Paul, Minn.....	36	104	-41
Detroit, Mich.....	40	105	-24
Chicago, Ill.....	40	105	-23
Lake Placid, N. Y.....	30	94	-39
Hanover, N. H.....	40	101	-37

The future of this region is founded upon a sound basis. Agriculture is flourishing there, as is livestock raising. Gold mining is of importance in the Willow Creek district and will, when there is a lowering of present production costs which have been so detrimental to gold mining, be accelerated with the availability of cheaper power. Lumber mills are located in the area and fishing and canning of fish constitute a very important industry. Trapping and fur farming play their part in the economic well-being of the people there and serve to assist in stabilizing business.

There is no doubt whatsoever that entirely aside from military spending this region will continue to prosper and continue to grow. That prosperity will be all the easier if cheaper and abundant power is made available.

Estimated annual cost of operation and maintenance of the project is set at \$158,300. Estimated annual replacement costs are set at \$72,600. Direct benefits are estimated at \$1,015,200 annually over a 50-year period. In addition, there would be indirect benefits brought about by savings to power users and increased income to distributors and to consumers through extra use of electric power. Indirect benefits would be \$748,500 annually.

It is estimated that the saving to the armed services through lower power costs over a 50-year period would be \$5,000,000. A saving of \$5,500,000 over the same period would accrue to the Alaska Railroad. The estimate was made that savings to the Civil Aeronautics Administration over the 50-year period would be \$2,500,000 and to the Alaska Native Service, the Post Office Department, the Weather Bureau, and other Federal agencies \$500,000 for the half century. The saving to the community of Anchorage for 50 years would be \$18,750,000 and to the Matanuska Valley \$5,175,000. Based upon retirement of the cost in the 50-year period the Alaska Investigations Office, taking into account all possible costs, calculated that power could be supplied at 8.57 mills. It is hoped, however,

and even expected, that this cost may be lowered. Hon. Ernest Gruening, Governor of Alaska, City Manager Donald R. Wilson, of Anchorage, and others testified before the Public Lands Committee in favor of H. R. 940. There was no adverse testimony.

Mr. Chairman, passage of this bill would be a material step further in carrying out the Alaska development program which President Truman urged in his special message to Congress on Alaska in May 1948. It would do as much as any one thing could to aid in the development of south central Alaska. It will harness and put to work the magnificent water-power resources of Eklutna Lake. It will promote the economy of Alaska and of the Nation. It will not cost the taxpayers a single penny. I hope the bill will pass.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield.

Mr. KEATING. Do I understand that this Eklutna project is intended to supply power to our military installations there?

Mr. BARTLETT. Our military installations in and about Anchorage, the city of Anchorage, and the suburban area, and the farming area in the Matanuska area. Also gold mines and possibly other mines that will be developed in the Willow Creek and other districts.

The CHAIRMAN. The time of the gentleman from Alaska has expired.

Mr. PETERSON. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield.

Mr. KEATING. How far from this project is our military installation?

Mr. BARTLETT. About 35 miles.

Mr. KEATING. And how is it now served?

Mr. BARTLETT. The military put in a steam plant of its own, on account of the power deficiency existing. Our understanding is that that is a rather expensive proposition and that the military is anxious to come in under the Eklutna project. The report carries a letter from General Twining, commander in chief of our armed forces in Alaska, urging that this be done, partly, of course, on account of the military need.

Mr. KEATING. Was it the saving to the armed forces, in reduction of the expense of furnishing facilities, to which you referred in your remarks a few minutes ago, in that it would cost less to furnish power from this project than it would from the present steam project?

Mr. BARTLETT. Yes. The saving might be far, far more than I quoted, but that would be the saving that can readily be estimated between the cost of the Eklutna power and the cost of the power that they are producing by the steam plant. Of course, if they had to put in more steam plants, the saving from the Eklutna project ought to be larger.

Mr. TACKETT. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield.

Mr. TACKETT. Does this bill provide by what method the power is going to be generated?

Mr. BARTLETT. It is going to be generated by the Federal Government.

Mr. TACKETT. But would it be hydroelectric power dams or by steam plants?

Mr. BARTLETT. Oh, entirely by a hydroelectric plant. The lake from which this power would be derived now furnishes some power for Anchorage, but it can be developed on a much larger scale as is proposed by the bill.

Mr. KEATING. Mr. Chairman, will the gentleman yield further?

Mr. BARTLETT. I yield.

Mr. KEATING. I understood in the gentleman's remarks a few moments ago that it would be provided that this \$21,000,000 authorized to be appropriated would be paid back out of the project. Is there anything in the bill to that effect?

Mr. BARTLETT. Yes. It is provided that it shall be altogether reimbursable. As a matter of fact, when the amendments are offered, the amount will not be \$21,000,000. It will be \$20,000,000, because the recreational feature, which would have been nonreimbursable, was stricken in the committee.

Mr. KEATING. In other words, this \$21,580,000 is the total cost of the project?

Mr. BARTLETT. That is the total cost of the project, or more correctly the total sum is \$20,365,400, since \$1,215,500 for recreation was deleted.

Mr. KEATING. And a million dollars of it is assessed to the recreational feature?

Mr. BARTLETT. It will not be, because the committee struck that provision from the bill. So there will be no appropriation whatsoever for recreational features, and all the money authorized to be appropriated will be reimbursable.

Mr. PETERSON. Mr. Chairman, will the gentleman yield to me?

Mr. BARTLETT. I yield.

Mr. PETERSON. After the committee went over the bill thoroughly, we adopted an amendment taking out the recreational part bodily. Reference to that is stricken. The appropriation is reduced from \$21,589,000 to \$20,365,400, where it appears in both places in the bill.

Mr. KEATING. That improves the situation to the extent of, roughly, a million dollars, but where in the bill does it say that this will be paid back and how it will be paid back? That is not clear to me.

Mr. PETERSON. In one of the amendments which we have to offer, it includes amortization of that portion of the capital investment properly applicable to each transmission unit over a period of 50 years, and the payment of interest on the unamortized balance.

Mr. KEATING. That will be included in the amendments which the gentleman will offer?

Mr. PETERSON. Yes. That was adopted after consideration by the committee and conference with the Budget.

Mr. KEATING. But it is not in the printed bill?

Mr. PETERSON. No.

Mr. TACKETT. Mr. Chairman, will the gentleman yield further?

Mr. BARTLETT. I yield.

Mr. TACKETT. On line 3, page 2, the bill reads:

Construct, operate, and maintain hydroelectric power projects (including other facilities which may be efficiently combined therewith).

That could very well be a steam-power unit, could it not?

Mr. PETERSON. Two would be a limitation on that. You will notice there is a limitation when it says "other projects"; but no other projects can be authorized until they are reported actually to Congress and especially authorized by Congress.

Mr. TACKETT. But this bill does provide that money can be used to construct, operate, and maintain hydroelectric power projects, including other facilities, does it not?

Mr. BARTLETT. I think that was to include transmission lines and other like appurtenances. There was no thought or no discussion in the committee of authorizing the Secretary to do other than construct and operate hydroelectric facilities.

Mr. JENSEN. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield.

Mr. JENSEN. I must say that I am pleased that this bill has come before the House, for certainly, Mr. Chairman, if there is one place in the United States or any Territory of ours where electric power is needed, it is in the Territory of Alaska. There is great demand up there for power, and because of the fact there is no oil and very little coal, and what coal there is there is of very low grade, and because of the national defense situation, it is a national "must" that we have sufficient electric energy in that Territory, and this is the best way to get it. Private industry is in no position to spend the money which is necessary to furnish power to the Territory of Alaska at this time, and I believe that every Member of Congress and every American who knows the situation both from a commercial and a domestic and defense standpoint will agree that this hydroelectric plant at Eklutna is very necessary.

Mr. BARTLETT. I am deeply appreciative of the gentleman's remarks. He is cognizant of this situation, because he has been there and has seen it.

Mr. CRAWFORD. Mr. Chairman, I yield 10 minutes to the gentleman from Montana [Mr. DEWART].

Mr. DEWART. Mr. Chairman, I am glad to rise in support of this hydroelectric power plant. When the bill H. R. 940 was first submitted to our committee it contained a general authorization for the construction of hydroelectric projects and transmission facilities in Alaska. Our committee reviewed this bill and cut the legislation down to this one project. The Eklutna project in Alaska is as sound a project, I believe, as has ever come before our committee. The project is to take water from a lake nearly a thousand feet above Anchorage and above sea level, put a dam there to raise the level of the lake approximately 2 feet to provide about 123,000 acre-feet of water storage. This water is to be transferred through a

tunnel  $4\frac{1}{2}$  miles long that leads to a penstock 1,250 feet long that drops it down approximately 840 feet to the power plant and then below that the tail-water provisions that are necessary in such a project. Then there will be the transmission line connections necessary to take this power from the generating plant to Anchorage, to the Matanuska Valley and to Richardson, where the Army and Navy development is now situated.

The original bill contained an authorization for considerably more than is contained in this bill. Our committee has cut it down so that the appropriation will be \$20,365,400. It is confined only to the project described in the Eklutna report and to the parts I have just listed.

It provides this money shall be paid back to the Treasury at  $2\frac{1}{2}$  percent interest in 50 years.

The rate for the electricity will be approximately  $8\frac{1}{2}$  mills for firm power and 4.8 mills for wholesale power, a reasonably low rate; in fact, a very reasonable rate for this kind of hydroelectric project.

There is no competition with private enterprise involved in this bill. The present power plant at Anchorage is a small one of approximately 3,000 kilowatts, owned by the city. The city has already been contacted and is ready to make some kind of an agreement whereby its plant will either be sold to the Government or maintained by the city itself in a stand-by condition to serve this particular area.

When the plant that is now owned by the city was built, there was a population of about 3,000 people, which has increased to, roughly, 20,000 or 25,000 people in the area, showing the need for the enlarged plant.

Mr. Chairman, this project meets every requirement of a sound federally constructed and federally owned project. As I have stated, it is sound from an engineering standpoint. The rates to be charged are such that the total investment will be repaid with interest to the Public Treasury within a reasonable length of time. It is needed by the people in that area and will serve approximately 25 percent of all the people in Alaska. It is also needed in connection with the national defense, the Richardson fortification being one of the largest in Alaska. In other words, by all measures, this is a sound project, one that Federal money can be used to construct from any standpoint from which it is examined.

I think the Congress would do well to support this bill, which was reported out unanimously by the committee. It is one I am very glad to support.

Mr. HALE. Mr. Chairman, will the gentleman yield?

Mr. DEWART. I yield to the gentleman from Maine.

Mr. HALE. I happen to be particularly interested in the constitutional question where a hydroelectric project is constructed without any element of flood control or navigation or anything of that kind. Did the gentleman's committee give any particular consideration to that point?

Mr. DEWART. We did not give particular consideration to that point. We

considered, however, whether it should be constructed by the Army Engineers or the Bureau of Reclamation. The report was submitted to the Federal Trade Commission, the Army Engineers, the Bureau of Reclamation, and the Federal Power Commission, and each of those agencies passed on the bill and certified to the need of it.

As to the constitutional question of a hydroelectric plant on a navigable stream, may I say that this is not a navigable stream. It is a lake above the ocean about 1,000 feet. A stream comes down from the lake, but is only a small one, and I doubt, therefore, since it is not a navigable stream, that the constitutional question that the gentleman has in mind would apply.

Mr. HALE. I think that very extensive projects, such as the Tennessee Valley Authority and similar projects, have been justified on the ground of flood control and navigation, the hydroelectric features being regarded as incidental. That would not be the case with this project?

Mr. DEWART. That is true. There you had navigable streams. In this case it is not a navigable stream. There is that distinction between the two projects.

Mr. HALE. I would seriously ask the gentleman's opinion on what basis the constitutionality of this statute is justified.

Mr. DEWART. The gentleman is over my head, I will have to admit.

Mr. HALE. Possibly some other member of the gentleman's committee can answer that question for me, because I do think it is a very serious one.

Mr. DEWART. It is my opinion, because the stream is not navigable, that that provision of the Constitution does not apply. However, I admit that the gentleman is over my head.

Mr. FENTON. Mr. Chairman, will the gentleman yield?

Mr. DEWART. I yield to the gentleman from Pennsylvania.

Mr. FENTON. Can the gentleman tell us how long it will take to build this property?

Mr. DEWART. Can the Delegate from Alaska answer that question?

Mr. BARTLETT. It probably will not be completed until 1954, because construction could not well start until the spring of 1950.

Mr. DEWART. The principal engineering difficulty is the depth of the frost.

Mr. FENTON. As I understand this bill, you are seeking authority for a lot of investigation. Is it not true that appropriations have been made year after year for investigations of this sort?

Mr. DEWART. Appropriations were made prior to this report being made, and they were made for the purpose of investigating projects in Alaska, and this report was made pursuant to those appropriations.

Mr. FENTON. As I understand, each project approved by the Department of the Interior must come to the Congress for further observation.

Mr. DEWART. For the projects that are contemplated in this bill, on which studies will be made in the future, there will be further appropriations.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. DEWART. I yield to the gentleman from New York.

Mr. KEATING. I commend the gentleman's committee insofar as they have provided for the return of this investment with a  $2\frac{1}{2}$  percent interest rate, and hope that the Committee on Agriculture may take a leaf out of that book. I am concerned, however, with the point raised by the gentleman from Maine, and I wonder if the chairman of the committee could give us any light on whether the constitutionality of this act is based upon the need for national defense or upon what does its constitutional validity rest.

Mr. PETERSON. The actual public needs in that particular vicinity together with the airport as well as military transportation needs, and so forth, in my opinion, would justify it under the Constitution, for there is no other method for meeting the actual needs in that area. Private industry has not stepped in, and we would gladly have them step in if they would.

The CHAIRMAN. The time of the gentleman from Montana has expired.

Mr. CRAWFORD. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. JOHNSON].

Mr. JOHNSON. Mr. Chairman, I take pleasure in recommending this project to the House for its approval. My particular interest in this matter is one of national defense. I think every person in this room knows that in the twenties General Mitchell, who at that time was the head of the United States Air Forces, predicted that if another war came, that Alaska would be very important. Today I think Alaska is one of the most strategic places in the entire world. Therefore it behooves us, if we want to maintain our defense in a strong position, and I think we all want to do that, that we develop Alaska as rapidly as we can. Every civilian installation will make Alaska stronger strategically. Increased population will add to our strength. This bill provides one way, in my opinion, in which Alaska can lay the groundwork for its statehood. If they can develop their resources through the efforts of the National Government and through Federal money, that will attract settlers to that part of the world.

One of my very best friends, a former mayor of a city in California, director of the California League of Cities, a colonel in the Army during this war, and later a civilian official in Austria with the military government working on their civil problems, has settled in Alaska. He has written me about the situation up there, and for this reason I am very anxious to see that this type of project be developed so people of his type will settle in Alaska. I have been told by people, who I think know, that the resources of Alaska are simply fabulous. All we need is money to start development, and each one will beg another project. Develop the highways, the streams, the electrical possibilities, forest, and other natural resources, and Alaska can be a very populous as well as a very rich place. So, primarily, from the standpoint of national defense, and I am on the committee that has the

security problems of the Congress in its lap, I most respectfully suggest that all of you support this very worthy project.

Mr. CRAWFORD. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I take this time to present this map of Alaska to the Members of the House so that you can get a rough idea as to where this plant is to be located.

Here we have Anchorage, which is the principal city at the present time insofar as seaport operations are concerned, with the Alaska Railroad, Government-owned, running from the seaport here at Seward on up to Anchorage and from there up to Fairbanks. Fairbanks and Anchorage together constitute the principal military bases in this section of Alaska. Of course when you get over to the vicinity of Nome, or near the Siberian border, you get into smaller defense plants, but the real ones are located at Anchorage and Fairbanks.

This electrical plant is to be located between Anchorage and Palmer, which is the center of the Matanuska Valley, about which we have heard so much in recent years, and where now profitable farming operations are carried on. The plant is being located about half way between Anchorage and Palmer in this general vicinity as I am indicating here on the map.

I join with the gentleman from California [Mr. JOHNSON] in pointing out the defense importance of the Territory of Alaska generally. Personally, I consider Alaska as the buffer state between Russia and the balance of the world, by reason of the important part the United States is playing in such agreements as the Atlantic Pact, the Marshall plan, and so on down the line. Personally, I should like to see 1,000,000 homesteaders in Alaska just as quickly as we can get them in there. I think the more people we have in Alaska the stronger will be our defense in that section of the world.

Further, I should like very much to see this Congress approve the Alaskan statehood bill. I think Alaska ought to have two Senators in the Senate and, based on the present population, one or two Members in the House who would have the power to vote. That is a vast empire with unlimited resources. We need Alaska as a State, in my opinion, more than Alaska needs to be a State of the Union. I think it is time for us to tie our resources and our people together, as you would tie a bundle of sticks together for strength.

Of course, I am supporting this bill. I have been all through the Territory, in practically every town of any importance. I have seen the needs of the people there. Private industry is not in a position to furnish the venture capital and risk capital to provide facilities of this kind. From the defense standpoint and from the standpoint of the welfare of the people of this country, I am certainly in favor of obligating the people in my district to carry their share of this undertaking. Altogether, I think it is a good bill, and I am sure the House will approve the bill.

Mr. PETERSON. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, this matter has been presented by both sides and is one of those projects which, I am pleased, met with the approval of both sides. It is greatly needed and will contribute to the economy of that section. It is also greatly needed by the armed forces.

I have heard of no opposition from any source and I hope the bill will be passed unanimously.

Mr. Chairman, we have no further requests for time.

Mr. CRAWFORD. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

*Be it enacted, etc.,* That for the purpose of encouraging and promoting the economic development of the Territory of Alaska, as an aid in the development and efficient disposition of the public domain therein for agricultural, industrial, and other beneficial purposes in order to encourage veterans and other persons to become permanent residents, to encourage the establishment of essential industries in said Territory, and to further the self-sufficiency of national-defense installations located therein, the Secretary of the Interior (hereinafter referred to as the "Secretary") is authorized, subject to the provisions of this act, to construct, operate, and maintain hydroelectric-power projects (including other facilities which may be efficiently combined therewith) in the Territory of Alaska.

SEC. 2. No expenditure for construction of any of such projects shall be made, nor shall estimates be submitted therefor, until and unless the Secretary in consultation with the Federal Power Commission shall have made an investigation thereof and submitted to the President and the Congress a report and findings that the proposed project has engineering feasibility, that the estimated cost thereof allocable to power can probably be returned to the United States in net power revenues, and that the benefits therefrom, to whomsoever they may accrue, are in excess of the estimated costs. Such investigations are hereby authorized.

SEC. 3. Rate schedules shall be drawn having regard to the recovery (upon the basis of the application of such rate schedules to the capacity of the electric facilities of the projects) of the cost of producing and transmitting such power and energy, including the amortization of the capital investment allocated to power over a reasonable period of years. Each group of two or more projects as the Secretary may designate shall be considered as a consolidated unit in the preparation of such rate schedules and for purposes of administration. Preference in the sale of such power and energy shall be given to public bodies and cooperatives. All receipts from the transmission and sale of electric power and energy generated at said projects shall be covered into the Treasury of the United States to the credit of miscellaneous receipts, save and except that the Treasury shall set up and maintain from the receipts for each consolidated unit, and from the receipts for each project not included in a consolidated unit, a continuing fund of \$200,000 to the credit of the Secretary and subject to expenditure by him, to defray the operating expense of generation and transmission of such power and energy, to defray emergency expenses including expenses for such installations and connections as may be required to deliver power and energy from the transmission system, and to insure continuous operation.

SEC. 4. The Secretary is authorized to perform any and all acts and enter into such agreements as may be appropriate for the purpose of carrying the provisions of this

act into full force and effect, including the acquisition of rights and property, and the Secretary, when an appropriation shall have been made for the commencement of construction or for operation and maintenance of any of the projects herein authorized, may, in connection with the construction or operation and maintenance of such project, enter into contracts for miscellaneous services, for materials and supplies, as well as for construction, which may cover such periods of time as the Secretary may consider necessary but in which the liability of the United States shall be contingent upon appropriations being made therefor.

SEC. 5. The Secretary is further authorized and directed to make continuing investigations relating to further possibilities in the Territory of Alaska for the development of hydroelectric facilities (and other facilities which may be efficiently combined therewith) necessary to meet immediate and long-range requirements in the Territory of Alaska and to report thereon, with appropriate recommendations, from time to time to the President and the Congress. The Secretary shall transmit a copy of his proposed report to all Federal departments or agencies interested in the development of hydroelectric energy in Alaska. Within 90 days from the date of receipt of said proposed report the written views and recommendations of each interested Federal department or agency may be submitted to the Secretary. The Secretary shall transmit to the Congress, with such comments and recommendations as he deems appropriate, the proposed report together with the submitted views and recommendations of interested Federal departments or agencies. The first of such reports shall be submitted to the President and the Congress not later than 1 year from the date of enactment of this act.

SEC. 6. Wherever in this act authority is vested in, or functions are to be performed by, the Secretary, such authority may be exercised, and functions performed, through such agencies of the Department of the Interior as he may designate.

SEC. 7. Nothing in this act shall affect any authority or power of the Federal Power Commission under existing law.

SEC. 8. There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this act.

Mr. PETERSON (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that further reading of the bill be dispensed with, that the bill be considered as read and printed in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. PETERSON. Mr. Chairman, I offer an amendment.

The Clerk read, as follows:

Amendment offered by Mr. PETERSON: Strike out all after the enacting clause and insert the following: "That for the purpose of encouraging and promoting the economic development of the Territory of Alaska, as an aid in the development and efficient disposition of the public domain therein for agricultural, industrial, and other beneficial purposes in order to encourage veterans and other persons to become permanent residents, to encourage the establishment of essential industries in said Territory and to further the self-sufficiency of national-defense installations located therein, the Secretary of the Interior (hereinafter referred to as the 'Secretary') is authorized subject to the provisions of this act, to construct, operate, and maintain hydroelectric power projects (including other facilities which may be efficiently combined therewith) in the Territory of Alaska."

"SEC. 2. If, upon investigation and upon consultation with the Federal Power Commission, the Secretary finds that a proposed project has engineering feasibility, that the estimated cost thereof allocable to power can probably be returned to the United States in net power revenues and that benefits therefrom to whomsoever they may accrue, are in excess of the estimated costs, and the Secretary submits a report to the President and the Congress embodying such findings, the construction of the project shall, upon approval of such report by the Congress, be deemed authorized substantially in accordance with the plans and recommendations of the Secretary embodied in such report. No expenditures for the construction of any such project shall be made unless an appropriation for such construction has been granted by the Congress.

"SEC. 3. Rate schedules shall be drawn having regard to the recovery (upon the basis of the application of such rate schedules to the capacity of the electric facilities of the projects) of the cost of producing and transmitting such power and energy, including the amortization of that portion of the capital investment which is properly allocable to each generating or transmission unit over a period of 50 years from the time that that unit is first put into service and payment of interest on the unamortized balance thereof during the same period at the rate of 2½ percent per annum. Each group of two or more projects as the Secretary may designate shall be considered as a consolidated unit in the preparation of such rate schedules and for purposes of administration. Preference in the sale of such power and energy shall be given to all public bodies and cooperatives on the same terms, and to Federal agencies, and the power and energy shall be so disposed of so as to encourage the most widespread use thereof at the lowest possible rates to consumers compatible with the maintenance of adequate electric service. It shall be a condition of every contract made under this act for the sale of power and energy that the purchaser, if it be a purchaser for resale, will deliver power and energy to Federal agencies or facilities thereof within its transmission area at a reasonable charge for the use of its transmission facilities. All receipts from the transmission and sale of electric power and energy generated at said projects shall be covered into the Treasury of the United States to the credit of miscellaneous receipts, save and except that the Treasury shall set up and maintain from the receipts for each consolidated unit, and from the receipts for each project not included in a consolidated unit, a continuing fund of \$200,000 to the credit of the Secretary and subject to expenditure by him, and to insure continuous operation.

"SEC. 4. The Secretary is authorized to perform any and all acts and enter into such agreements as may be appropriate for the purpose of carrying the provisions of this act into full force and effect, including the acquisition of rights and property, and the Secretary, when an appropriation shall have been made for the commencement of construction or for operation and maintenance of any of the projects herein authorized may, in connection with the construction or operation and maintenance of such project, enter into contracts for miscellaneous services, for materials and supplies, as well as for construction, which may cover such periods of time as the Secretary may consider necessary but in which the liability of the United States shall be contingent upon appropriations being made therefor.

"SEC. 5. The Secretary is further authorized and directed to make continuing investigations relating to further possibilities in the Territory of Alaska for the development of natural resources and their beneficial uses necessary to meet immediate and long-range requirements in the Territory of Alaska and

to report thereon, with appropriate recommendations, from time to time to the President and the Congress. The Secretary shall transmit a copy of his proposed report to all Federal departments or agencies interested in the development of the Territory of Alaska. Within 90 days from the date of receipt of said proposed report the written views and recommendations of each interested Federal department or agency may be submitted to the Secretary. The Secretary shall transmit to the Congress, with such comments and recommendations as he deems appropriate, the proposed report together with the submitted views and recommendations of interested Federal departments or agencies. The first of such reports shall be submitted to the President and the Congress not later than 1 year from the date of enactment of this act.

"SEC. 6. The Eklutna project in the vicinity of Anchorage, Alaska, consisting of a low dam at Lake Eklutna, a diversion tunnel and penstock, a power plant with an installed capacity of 30,000 kilowatts, transmission lines to Anchorage and other load centers, and related works, is hereby approved for construction under the provisions of this act, substantially in accordance with the plans and recommendations in the report adopted by the Secretary of the Interior on January 18, 1949, on file with the Committee on Public Lands of the House of Representatives, at an estimated cost of \$20,365,400. Costs incurred for the provision of protective features that may be required in the interest of national defense and that are not included in the foregoing estimate of cost, shall not be reimbursable from power receipts pursuant to section 3 of this act. All minerals and veins or lodes thereof discovered in the course of investigating, constructing, and maintaining the Eklutna project are hereby reserved to the United States and may be sold or otherwise disposed of in such manner as may be prescribed by the Secretary. The waters of Eklutna Lake and its tributaries which are required for the operation of the Eklutna project are hereby reserved for that purpose.

"SEC. 7. Wherever in this act authority is vested in, or functions are to be performed by, the Secretary, such authority may be exercised, and the function performed, through such agencies of the Department of the Interior as he may designate.

"SEC. 8. Nothing in this act shall affect any authority or power of the Federal Power Commission under existing law.

"SEC. 9. There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this act, \$20,365,400, for the construction of the Eklutna project, and, in addition, such sums as may be necessary to provide for the investigations, studies, and reports authorized by this act."

Amend the title so as to read: "A bill to authorize construction of the Eklutna project, hydroelectric generation plant and transmission facilities in connection therewith, and for other purposes."

Mr. PETERSON (interrupting the reading of the amendment). Mr. Chairman, in view of the fact that the amendment has already been explained, I ask unanimous consent that the further reading of the amendment be dispensed with, that it be considered as read and inserted in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. PETERSON. Mr. Chairman, I have explained the amendment in my original statement. It embodies all of the committee amendments into one amendment. The purpose of the amendment is to reduce certain amounts. It cuts out the amount for recreation. It

provides for the amortization and interest requirements and provides that the charges shall be reasonable. It also provides priority of use of facilities for the necessary Federal and public purposes. The amendment has been put in this form for the sake of convenience. The amendment was agreed to by unanimous vote of the committee.

I hope the amendment will be agreed to unanimously.

The CHAIRMAN. Does the gentleman from Michigan [Mr. CRAWFORD] desire to be heard on the amendment?

Mr. CRAWFORD. No, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. PETERSON].

The amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the SPEAKER having resumed the chair, Mr. SKES, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 940) to authorize public improvements in Alaska, and for other purposes, pursuant to House Resolution 279, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

#### GENERAL LEAVE TO EXTEND REMARKS

Mr. PETERSON asked and was given permission for all Members to have five legislative days within which to extend their remarks on the bill just passed.

#### EXTENSION OF REMARKS

Mr. DONOHUE asked and was given permission to extend his remarks in the Appendix of the RECORD and include two editorials.

The SPEAKER. Under previous order of the House, the gentleman from Michigan [Mr. CRAWFORD] is recognized for 5 minutes.

#### EDUCATIONAL REQUIREMENTS

Mr. CRAWFORD. Mr. Speaker, I wish to call the attention of the House to one of the most significant addresses yet made on the vital issue of academic requirements for the professions and the dangers inherent in the current practice of undue emphasis on the liberal arts as a prelude to the study of such subjects as engineering business management, and other careers. The address was made by Mr. John T. Kennedy at the recent commencement exercises of Benjamin Franklin University, Washington, D. C., of which he is president. Unfortunately, the address, which brings into the

open an issue that is important to the welfare and development of this country, has not been given the currency to which it is entitled and it is for this reason that I bring it here for discussion and comment.

The professional educators have run hog wild on the subject of academic degrees, freezing out of the professions hundreds of thousands of young men and women who are thus denied their right to social and economic advancement. Aside from the personal hardships worked on the individuals, this trend has blocked our national progress in most of the professions.

Mr. Kennedy points out the shocking fact that as a result of the unreasonable scholastic background required to enter our medical schools we have today one-third less physicians for every hundred thousand people than we had 50 years ago.

The educators, apparently aided and abetted by the Office of Education, which is a branch of the Federal Security Administration, have our students in an academic strait-jacket. We Americans boast of freedom of opportunity on the one hand while on the other we effectively deny the right to a majority of students to enter the professions.

The bold and startling fact is that most of the professions today are out of the reach of nine-tenths of our students.

We have made a fetish out of scholastic degrees, endowing the sheepskin with magic powers reserved for a minority. As a result of this infantile and idolatrous attitude we go a step further and believe that a business administration course taken at Yale or Harvard is far more excellent than the same course offered at a midwestern fresh-water university. Some officials in Government actually believe this nonsense with the result that in promotions the Yale or Harvard graduate is given preference in the selection for higher-salaried jobs.

As Mr. Kennedy points out in his address, this passion for the liberal arts degrees is spreading to industry and it may not be long before management requires a bachelor of arts from its clerks and foremen. There is no argument with the person who wants to concentrate and excel in the field of liberal arts. They are inspiring and stimulating courses but it must be borne in mind that the liberal arts course is not an end in itself nor will it equip the student for the everyday struggles of life. It is only when the professional educators begin requiring these courses for such professions and law and accountancy and even medicine that there arises the basis for argument. It is then that such courses become a hurdle on the road to the student's progress and, I think, it becomes the duty of this House, so far as it is in our power to remove these hurdles.

Not only are we demanding liberal arts courses for students entering medicine and law and other professions where the bachelor of arts degree of itself is worthless, but we have gradually adopted a phony system of accrediting our professional schools. While the Office of Education does not accredit our universities it does by implication give its blessing to certain schools while, by omission, it

blackballs other schools that are equally as well qualified. The Office of Education does this by issuing lists of schools which have been accredited by various self-appointed accrediting agencies.

It is most unfortunate that the Office of Education does not follow the lead of the Association of American Universities and drop the subject of accreditation altogether. That would be the honest and fair thing to do and I shall have more to say on this subject at a later date.

Dr. Henry M. Wriston, president of Brown University and president of the Association of American Universities, had this to say recently on the subject of accreditation:

Educational aims are getting more and more diverse. We have liberal arts and vocational schools; one is no more legitimate than the other—it is just different. If we are going to diversify in education as much as the President's report in higher education suggests, any approved list is liable to bring about a rigid pattern.

Following is Mr. Kennedy's very able address and I am sure that most Members of this House will agree with the point of view it expresses:

COMMENCEMENT ADDRESS OF JOHN T. KENNEDY, PRESIDENT OF BENJAMIN FRANKLIN UNIVERSITY, WASHINGTON, D. C.

During the past year a number of our leading corporations, notably General Electric, have been urging business executives to educate our people to the advantages of free enterprise. Others, such as General Motors, are sponsoring radio commentators who are undertaking such a program.

Tonight I wish to discuss the necessity of freedom of opportunity to free enterprise. Among the things which I urge be done is the restoration of more freedom of opportunity in certain of our professions, which freedom has been seriously impaired during recent years. So far as the interests of our people are concerned freedom of opportunity is the most potent weapon we have against communism. So far as your immediate interests are concerned the same methods whereby this freedom has been curtailed in other callings are now proposed for certified public accountancy and, indirectly, for executive accountancy.

The Communists cannot convincingly deny that freedom of opportunity is responsible for our higher standards of living. This is evident from two facts. First—it is the principal particular in which we differ from a number of nations which have not advanced. There are other sections of the world, notably Siberia, which have material resources comparable with ours. What these other regions did not have was freedom of opportunity. The second fact is that nearly all of our great leaders who built up our industries were born in humble circumstances. Only because of this freedom did we benefit from the genius and the talents of these leaders. Those benefits have taken the form of providing us with more of the luxuries and comforts of life than any other nation.

A recent magazine article recognizes the importance of this freedom to the cause of free enterprise. That article outlined the careers of a number of our industrial leaders who were so poor during their youth that they could not afford the costs of a college education. I ask you to remember this fact in connection with the one claim which the Communists can make which I deem the most dangerous.

This claim is that during recent years our professions have been adopting unnecessary requirements which can be met, ordinarily, only by the well-to-do and which are beyond

the means of 75 percent of our people. Indeed some of these requirements are so costly that not even the liberal allowances of the GI bill are sufficient to meet them. Moreover that bill now covers only a fraction of our youth.

Up until about World War I it was possible for a young man in the District to prepare for any major profession by spare-time study. During that period all of our District schools conferred professional degrees for professional training alone. No longer is it possible for a spare-time student here to prepare for medicine, pharmacy, dentistry, and a number of other professions. This is mainly due to the fact that those professions now require several years of study of liberal arts subjects which have no bearing upon the competency of a candidate to practice a profession.

The latest profession to adopt this requirement in the District is law. This happened just before the last war. Under this requirement the spare-time student of law must spend seven or more years in most intensive study about half of which is devoted to non-professional subjects. Since then one spare-time school has given up its law course. A second spare-time law school has given up indirectly by merging with a larger university. Two other spare-time law schools have such depleted enrollments that there is doubt whether they will survive after the GI enrollments cease.

Years ago when this movement was just beginning Dr. Russell H. Conwell expressed concern over its possible consequences. Dr. Conwell had founded Temple University primarily for spare-time students and he prophesied that these highly restricted requirements would mean the end of most professional opportunities for spare-time students. The history of this requirement in our professions has justified this fear. For the immediate effect is to cut down the number of spare-time students by about two-thirds and the ultimate effect, in most instances, is to eliminate the spare-time student altogether.

Yet it is proposed that this requirement shall be adopted for certified public accountancy.

Nor are the crusaders for this requirement satisfied with restricting opportunity in our professions. Some of them would also have our larger corporations adopt such a requirement for every worth while position.

Respecting these larger business organizations freedom of opportunity may be our only hope of averting socialization. Eric Johnston ascribes the spread of communism in Europe to certain restrictive competitive practices of large business organizations. Likewise Senator O'MAHONEY warns against these restrictive practices here in America. Fundamentally there is no difference between restricting opportunity in business competition, or in professional competition, or respecting advancement within a business organization. Obviously we should attack communism on all three of these fronts—fairer competition in business, freer opportunity in our professions, and meritorious advancement in our business organizations. Respecting the latter we should foster, within our large organizations, those individual hopes and individual incentives which characterize the pursuit of independent businesses. Manifestly such individualism is one answer to communism. For this reason it is fortunate that this movement to restrict opportunity in our business corporations has not yet made decided headway. By and large business managements are more concerned with specific results than with academic theory.

Specific results show that this requirement is not necessary for our professions and most business positions. Outstanding leaders in these fields did not meet this requirement. These include leading doctors, Presidents of

the United States, Justices of the United States Supreme Court, judges of other courts throughout the Nation, and leaders of the bar in various States. Moreover, most of the great business leaders of our Nation did not go to college. Insofar as certified public accountancy is concerned it has been estimated that 80 percent or four-fifths of our certified public accountants did not attend liberal arts colleges. This does not mean that they lack a cultural education for the good reason that an American high-school education is the equivalent of two or more years of college outside of America. To this I might add that your accountancy course consists of subjects prescribed by Plato for a liberal arts education which are not ordinarily taught in a liberal arts college.

Every impartial person agrees that those who have an aptitude for classical learning and who can afford to go to college should do so. From this it does not follow that those who cannot afford to do so should be kept out of all of our professions and out of all of our higher vocations. Such zeal for the liberal arts violates the Christian ideal of human brotherhood and is contrary to the American ideal that opportunity is a gift of God and not of man.

Our medical profession is a striking example of how denial of opportunity leads to socialization. Last fall our newspapers reported that 9 out of every 10 applicants for admission to the 4 medical schools in the District were not accepted. Presumably most of them had met the preliminary requirements. What happened here was repeated in other sections of the country. As a consequence tens of thousands of our youth, consisting mostly of veterans, were denied a chance to prepare for the medical profession.

These restrictions began with the requirement to which I have referred. Because of them there are now about one-third fewer doctors for each 100,000 of our population than there were as far back as 1900. Medical costs to our people have gone up abnormally. Beyond any reasonable doubt millions of our people cannot afford the cost of adequate medical treatments. Indeed there are some places in which adequate medical services are not available because of the scarcity of doctors.

To relieve this situation socialized medicine is now proposed. Thus our doctors are faced with the threat of losing freedom of opportunity to practice their profession independently. To be sure they may succeed in staving this off for a time and I hope they shall. But if British experience is any criterion there is strong doubt whether they can retain freedom of opportunity for themselves and deny fair freedom of opportunity for our youth.

Our professional men should heed the advice of two wise Americans. Benjamin Franklin said: "Serve self by denying self." In like vein William Allen White declared: "To have liberty we must give liberty."

Recent events in Great Britain clearly show how denial of opportunity leads to socialization. There they have an upper class system which has constantly denied opportunities to the masses of the people. For years those masses believed that their welfare depended upon the prosperity of those upper classes. As the result of two world wars, in which industry was of such vital importance, those masses learned how dependent the upper classes were upon them. Then the smoldering discontent of years of denial of opportunity burst into flames with the consequence that public utilities, banks, large industries, and certain professions have been socialized.

Those who believe that we can stop socialistic trends in our country by mere argument, instead of by more freedom of opportunity, may learn another lesson from British experience. Despite the fact that the British people love Winston Churchill, and

despite the fact that he is one of the most powerful political orators of our day, his arguments against socialism have been futile.

If our professional men and our business leaders are not alive to the importance of freedom of opportunity to free enterprise the Communists are. Back in the twenties the Communist Party was not making much headway here in America. So an agent was sent from Moscow to investigate. The New York representative of the party said to that agent: "We are not making much progress among Americans because every mother's son of them thinks he has a chance to be President."

What that Communist meant was that at that time most Americans believed they had a chance to rise to a higher station in life than the one in which they were born. Likewise at that time most Americans believed that if they missed out on that chance their children would have a like opportunity. Can we hope to preserve that spirit if profession after profession is put beyond the reach of 75 percent of our people?

In magazine articles some professional men have assumed that it is entirely proper to use professional requirements to reduce the numbers admitted to a profession. Some writers have gone so far as to suggest that the number admitted to law be arbitrarily limited. Surely those writers must know that, in effect, our Declaration of Independence proclaims that freedom of opportunity is a God-given right of which no man can be deprived without violating the will of the Almighty. They should be familiar with decisions, a number of which have been collected by Dean Richardson, which hold that this right is supported by constitutional guarantees. To be sure, this right is subject to regulation in specified instances but these are clearly defined.

According to these decisions the only justification for professional restrictions of any kind is the protection of the public respecting safety, health, physical property, and the general welfare. There are cases in which courts have refused to sanction restrictions for certain callings because those callings did not meet these conditions.

From a constitutional viewpoint, professional restrictions are not justified for the purpose of creating professional monopolies or protecting members of a profession from the free competition of free enterprise.

Those of you who go beyond the letter of the law to the spirit of our institutions will recognize that this principle applies just as much to business executives and executive accountants as it does to public accountants and professional men. Every appointment which is based upon pull or favoritism is a denial of somebody's freedom of opportunity. Likewise every appointment based upon merit is a fulfillment of someone's freedom of opportunity. The very freedom of opportunity which enables us to become employers or professional men carries with it the moral duty to respect the rights of others to like opportunities. So long as we are human it is not to be expected that this ideal will be carried to the point of absolute perfection. What we may reasonably hope is that it be not flagrantly ignored. If our professions continue to circumvent this constitutional right, and to deny opportunity to tens of thousands of our youth every year, they will be abetting those socialistic trends which may end all our freedoms.

By all means do as General Electric suggests. Tell the people about the advantages of free enterprise. But I urge you not to stop there. Those of you who enter certified public accountancy may do your part to promote the principle that every competent accountant of good character should have a fair chance to be certified. Those of you who enter executive accountancy may induce your organizations to make advance-

ment depend primarily upon merit. Likewise those of you who join societies of public and executive accountants may urge them to support those schools which are struggling to preserve opportunities for the spare-time student. By doing these things you will foster that freedom of opportunity which is indispensable to free enterprise.

(Mr. CRAWFORD asked and was given permission to revise and extend his remarks and include therein an address by Dr. John T. Kennedy, president, Benjamin Franklin University, Washington, D. C.)

#### EXTENSION OF REMARKS

Mrs. HARDEN asked and was given permission to extend her remarks in the RECORD and include therein an address by the gentlewoman from Ohio (Mrs. BOLTON) entitled "Women in American Politics."

#### SPECIAL ORDER

The SPEAKER. Under the previous order of the House, the gentleman from Texas [Mr. PATMAN] is recognized for 20 minutes.

(Mr. PATMAN asked and was given permission to revise and extend his remarks and include therein certain extraneous matter.)

#### S. 1008 CAUSED STATEMENTS TO BE MADE IN DISCUSSION THAT SHOULD BE CLEARED UP

Mr. PATMAN. Mr. Speaker, there are two matters which would be clarified before the discussion on S. 1008 is concluded. The first subject concerns criticism of the fact that, as chairman of the Small Business Committee, I scheduled hearings at which opponents to S. 1008 could make themselves heard. The second subject concerns threats of reprisals by Members of Congress against witnesses from the FTC who appeared under subpoenas to testify at those hearings.

In House Resolution 22, creating the House Select Committee on Small Business, passed by Congress February 2, 1949, appear these words:

The committee is authorized and directed to conduct a study and investigation of the problems of small business, existing, arising, or that may arise, with particular reference to . . . whether agencies, departments of the Government, or Government-owned or controlled corporations are properly, adequately, or equitably serving the needs of small business.

In carrying out the purpose stated above, the committee is also authorized by the language of that resolution "to hold such hearings, to require the attendance of such witnesses, to take such testimony, as it deems necessary. Subpoenas may be issued under the signature of the chairman of the committee."

When representatives of small business organizations having thousands of members throughout the country came to me and asked for an opportunity to go on record as opposing S. 1008, their protests represented to me a distinct small business problem of a type which the Small Business Committee was specifically designated to study and investigate. I have been severely criticized for performing what I recognized as a duty in letting the small business side of the question be heard.

Proponents of S. 1008 also disputed my statements to the effect that no public

hearings were held on that bill. To complete the record on that point, here is a summary of the history of S. 1008, after Senator O'MAHONEY substituted a completely new text on the Senate floor:

May 31: Introduced on Senate floor by Senator O'MAHONEY.

June 1: Passed by voice vote of Senate as introduced by Senator O'MAHONEY and amended by Senator KEFAUVER.

June 6: Referred to House Committee on the Judiciary.

June 8: Executive hearing by Subcommittee No. 1 of House Judiciary Committee, with two witnesses: Senator O'MAHONEY and Herbert A. Bergson, Assistant Attorney General in charge of Antitrust Division.

June 14: Executive hearings before full Judiciary Committee, with Representatives PATMAN, EVINS, CORBETT, and VELDE.

June 21: Reported with amendments by House Judiciary Committee.

Two facts are obvious: Only two mornings of executive hearings were held on S. 1008, and no printed copies of those hearings were available for the use of the Members of this Congress. But of even more importance, no public hearings were held at which the representatives of the small-business segment of our economy could testify as to the effects of Senator O'MAHONEY's bill on their business operations.

It has always been an American tradition to let every man have his say on any question. That right of free speech and that opportunity of being heard must be protected by this Congress and by its committees. S. 1008 contained far-reaching changes in our antitrust laws, and the effect of each word of its text should have been amply and carefully discussed in open public hearings. If the pressure of particular interest groups is going to force this Congress to rush legislation through without adequate and proper consideration, then I fear that we are heading down a treacherous path which ended in disaster for Germany, Italy, and Spain. Each year monopolies grow stronger, and many corporations are now richer in assets than many of our State governments. If the weight of their power is beginning to be felt in this Congress to the extent that a bill such as S. 1008 can be pushed through with no public hearings, then the Members should be aware of the fact that 10 years from now we may look back on this period as the beginning of serious changes in our democratic way of Government.

The following remarks have been made on the House floor concerning the two Federal Trade Commission officials who under subpoena to the House Small Business Committee gave their personal opinions on the effects of S. 1008:

They had no right to make those statements in opposition before the committee presided over by the gentleman from Texas . . . . Frankly, the Federal Trade Commission should discipline these otherwise worthy employees of the Commission. I ask who is boss down at the Commission.

It is hard to believe that statement could have been made by a Member of the House of Representatives of the United States of America. Under section 192 of title 2 of the United States

Code, every person who has been summoned as a witness under a subpoena to a congressional committee and refuses to answer any pertinent questions "shall be deemed guilty of a misdemeanor, punishable by a fine of not more than \$1,000 nor less than \$100 and imprisonment in a common jail for not less than 1 month nor more than 12 months." By law then, the two Federal Trade Commission officials were required to answer truthfully when they were subpoenaed to testify on the effects of S. 1008. And both gentlemen made it very clear that their statements reflected only their personal views.

Mr. Walter B. Wooden, senior associate general counsel, Federal Trade Commission, who appeared under subpoena, made this statement at the beginning of his testimony before the committee on June 30, 1949:

I make this statement in my individual capacity as a citizen.

And again he said:

This statement is an expression of my individual personal views for which no one else has any responsibility. They carry no authority other than that of their intrinsic weight and involve no attempt to express or interpret the present views of the Federal Trade Commission.

Mr. Wooden was summoned to appear because for some 40 years he has investigated and analyzed price-fixing systems and practices. I felt that, in addition to the small-business groups which requested an opportunity to be heard, the Members of the Congress should have the benefit of opinions of an eminently qualified expert like Mr. Wooden.

The other Federal Trade Commission official who testified under subpoena to the committee was Mr. Everett MacIntyre, Chief, Division of Antimonopoly Trials, Federal Trade Commission. He made the following statements as part of his testimony:

I am appearing here under subpoena of the committee. Of course, it should be understood that the testimony I give on those subjects in response to your subpoena reflect my knowledge and views of the problem. It should not be taken as necessarily reflecting the view and opinion presently held by the Federal Trade Commission.

Mr. Lowell Mason, Chairman, Federal Trade Commission, was quoted by the *Journal of Commerce*, July 11, 1949, as having this to say on the same subject:

Mr. MacIntyre appeared as an individual, not as an FTC spokesman. He was not authorized to express FTC views. Nor did he do so, in my opinion. He only appeared before the Patman committee because he was subpoenaed and had no alternative. The Commission had no knowledge of what he would say. And if he represented that he was speaking for the FTC, then he would be subject to disciplinary action. But I don't think he did.

Mr. MacIntyre is another witness whose experience and background, in my opinion, gave great value to his personal opinion concerning the effects of S. 1008.

When the pressure from big business has subsided, I am sure that the Members will agree that much more extensive hearings should have been held on a subject as complex as that covered by S. 1008. Many small business witnesses who requested an opportunity to express

their opposition were left unheard by the sudden passage of the bill. We can only hope that the precipitate action by the Congress is an isolated instance and will not be repeated when big business is again hurt by a court decision and desires nullifying legislation.

On Monday Hon. Tom Clark, Attorney General of the United States, appeared before the subcommittee of the House Committee on the Judiciary on the study of monopoly power. Mr. Clark's speech is very interesting; in fact, I wish to commend him for presenting very difficult problems in a very clear and understanding way. I hope the committee having under consideration the constructive study of our antitrust laws will soon make recommendations. I know of a number of recommendations that I believe the committee can make that will help our antitrust laws and will help independent business generally, about which there would be little dispute. One thing in Mr. Clark's statement to which I wish especially to call your attention is that part in which he stated that through the first 50 years of the antitrust laws, in other words, up until 1940, 479 antitrust actions were instituted by the Government. In the last 10 years, from 1940 to date, 508 cases have been filed. In other words, more antitrust actions have been brought in the last 10 years than were brought in the entire preceding 50 years.

Mr. Clark does not say so, but during that time he was either head of the Antitrust Division of the Department of Justice or he was Attorney General of the United States; in other words, during the time that Mr. Clark has had charge of the enforcement of our antitrust laws, 508 cases have been filed, which are more than all the cases filed preceding that time under the antitrust laws. Now, I will read further the statement Mr. Clark made; I think it is rather interesting:

Even during the so-called trust-busting days of Theodore Roosevelt, a period which until about 10 years ago had reached the high-water mark of antitrust law enforcement, there were only six lawyers assigned to the enforcement of this law. At the present time the Antitrust Division has almost 300 lawyers. We have received generous support from Congress and this support is reflected in the results.

That antitrust enforcement is in direct proportion to the money allocated for it has been demonstrated by the record of the Antitrust Division during the past 2 years. During fiscal year 1948 we filed 34 antitrust cases. For the fiscal year 1949 we received an increase in our appropriation of approximately \$1,000,000 and were thus able to file 57 antitrust cases, many of which are among the most important cases ever prosecuted under the antitrust laws.

I commend this statement to you for very careful reading. It discloses some very helpful and interesting information. Mr. Clark made suggestions here that I think should receive the careful consideration of the committee that he appeared before, and also the consideration of all the Members of Congress:

STATEMENT OF ATTORNEY GENERAL TOM C. CLARK  
BEFORE THE COMMITTEE ON THE JUDICIARY,  
HOUSE OF REPRESENTATIVES SUBCOMMITTEE  
FOR THE STUDY OF MONOPOLY POWER

I greatly appreciate the opportunity you have afforded me to discuss with you today a problem that is of transcendent importance

to the people of our country. That problem, the problem of monopoly power, is one that affects each and every citizen. The fundamental issue is whether the economy of this country is to remain free and competitive or whether it is to be subjected to private regimentation through monopoly control.

We have prospered and developed into the great Nation we are today through our free competitive enterprise system. President Truman in his Economic Report to the Congress last January emphasized this thought when he said:

"The resourcefulness of American business, the skill of our labor force, and the productivity of our agriculture have lifted our standards of living beyond any prewar expectation. We have achieved these blessings through the happy combination of our free institutions, our system of private enterprise upon which we primarily rely for economic results, our vigorous Government, and the mutual respect and trust that we all hold for one another."

As Attorney General and as a former Assistant Attorney General in charge of the Antitrust Division, I have become increasingly aware of the necessity for the antitrust laws and their vigorous enforcement as a bulwark of our system of free enterprise and as a safeguard for our fundamental freedoms.

Our great American society rests upon the idea of limited power. This philosophy is best expressed in our Constitution, the principal source of our cherished freedom. These moral concepts and this ideology of limited power apply to industry and every other segment of American society. Liberty is endangered when either economic or political power is concentrated in the hands of the few.

Most people in this country agree that they want free economic enterprise, full employment and equal economic opportunity. Unfortunately, many pay only lip service to the principle. If we believe in economic freedom, we must do what is absolutely necessary to make possible—that is, preserve, restore, and continually create competition.

I understand that it is the purpose of your committee to determine whether existing laws are adequate to achieve this objective and to recommend legislation to eliminate any inadequacies which may be found to exist. This is a worthy undertaking and I would like to congratulate this committee and wish it every success. I offer my complete cooperation and assistance in aiding your committee in the course of its important study.

Your study of monopoly power might well begin with a consideration of the economic concentration resulting from a war-time economy. Among the casualties of the war were thousands and thousands of small and independent manufacturing plants. The total number began declining precipitously immediately after Pearl Harbor, according to a study made by the Department of Commerce. Despite increased production during the war, approximately 17 business firms out of every 100 disappeared during those years. Moreover, there was a drift of workers from the small to the large corporations; 95 percent of the manufacturing firms lost 23 percent of their workers whereas 5 percent of the manufacturing firms gained 22 percent.

The exigencies of war production played into the hands of the big corporations. In 1941 less than one-half of 1 percent of our manufacturing firms had 75 percent of all defense contracts.

These are only a few examples to emphasize the seriousness of this trend toward economic concentration.

President Truman called attention to the situation in a message to Congress on January 6, 1947, in these words:

"During the war, this long-standing tendency toward economic concentration was

accelerated. As a consequence, we now find that to a greater extent than ever before, whole industries are dominated by one or a few large organizations which can restrict production in the interest of higher profits and thus reduce employment and purchasing power."

Although the generally accepted meaning of monopoly may be bigness, monopoly power, within the meaning of the antitrust laws, is the ability to impose unreasonable restraints on competition. Bigness in itself may not be unlawful. Bigness to be unlawful must include the power to determine prices without substantial regard to those pressures which normally affect price in a competitive market; artificially to allocate and limit production; to divide markets and fields of production; and to exclude competitors. "The material consideration in determining whether a monopoly exists" according to the Supreme Court "is not that prices are raised and that competition actually is excluded but that power exists to raise prices or to exclude competition when it is desired to do so."

Today monopoly power in this Nation seldom shows up in the form of one huge corporation dominating an entire industry. Instead, it is to be found in those industries controlled by a few large companies—the big threes or the big fours—following policies and practices which avoid any real competition among themselves and which at the same time enable them to maintain their dominant positions.

In those industries dominated by three or four companies, monopoly power may be exerted in many ways. The managers of those companies can operate largely on principles of monopoly secure in the knowledge that within reasonable limits the others will do likewise. If one company makes a price cut or increase, the others follow. If a company manager catches himself thinking about increasing production in a way that might threaten the comfortable and carefully nurtured price structure of the industry, that thought is followed by the more persuasive thought the others might retaliate.

In an industry in which monopoly power exists, those possessing that power can control prices by regulating production. When the price level in the industry produces satisfactory profits, there is no incentive to increase production. In a falling market, profits may be maintained by cutting production and employment rather than prices. In either situation, the American people—and the vast majority of American businessmen—suffer.

In such an industry smaller producers may exist only by sufferance of those possessing monopoly power. Their position in the industry is fixed and growing pains are quickly deadened by fear of antagonizing the big three or the big four. Any attempt by a smaller producer to cut the established price may be dealt with summarily. Sources of raw materials may be closed to him and purchasers forced to boycott him. In many instances, new producers dare not take the risk of entering the industry. For as the late President Franklin D. Roosevelt said, "Men will compete against men but not against giants."

On the other hand, in an industry in which there is no monopoly power, a manager who sees a profitable opportunity to expand production is not concerned about the effect of his prices on the price structure of the industry. Being unable to prop a falling price or to enhance a rising price by cutting production, he is ever watchful for an opportunity to reduce costs, expand production, and seek new markets. As a result, new techniques of production are evolved and the public benefits by more, better, and less expensive products.

I need not tell you that small business is the backbone of our economic democracy. It is usually the small-business man who is willing to take a chance, who dares to try something new, and thereby provides us with the development and advances which have characterized this country.

But, important as these material contributions of small business are, they are completely overshadowed by the significance of the small-business man as an essential element to our democratic way of life. We all have in us the inherent desire to avoid big government. We do not always recognize, however, that the main barrier against such controls are the economic influences that arise out of a well-balanced, healthy, competitive system.

The antitrust laws are an economic force designed to enhance the social welfare. Judge Learned Hand aptly expressed this concept when he said in the opinion in the Aluminum case "[in passing the Sherman Act], Congress \* \* \* was not necessarily actuated by economic motives alone. It is possible, because of its indirect social or moral effect, to prefer a system of small producers, each dependent for his success upon his own skill and character, to one in which the great mass of those engaged must accept the direction of a few."

It is crucially important that the small-business man, who operates under our economic laws, maintain a dominant position in our economy and not knuckle under monopolies, who by manipulation control the economic laws instead of being controlled by such laws.

By the same degree in which the world has grown smaller in a military and political sense, so has it grown smaller in a business sense. Monopolistic tendencies are no longer confined to the boundaries of any one nation. And just as they thwart the progress of the common man in one country, so will they thwart his progress throughout the world.

The deadening influence of economic concentration is not new to our generation. Nation after nation throughout civilized history has reached its peak of glory only to fall again under the weight of its economic concentration. It was called by many names, but the condition was always the same—too much power in the hands of too few people.

Now the United States has risen to the pinnacle of its might and glory. It has attained this position through the sweat and toil of its citizens. Its people have supplied not only the ceaseless toil but the inspired leadership as well. Whenever the necessities required the emergence of a great leader, one has been supplied from the ranks—and often the lowest ranks—of our democracy. If we have demonstrated any single fact to the point of universal acceptance, we have demonstrated that there is nothing sacrosanct about inherited leadership. It is inconceivable that any system other than the democratic system could have given us a Jefferson or a Jackson or an Abraham Lincoln. We develop leaders only because we are a strong Nation and a free people. We must remain that way. The American system of free enterprise has been the backbone of our strength.

There is too much recent and tragic world history not to impress upon us the dangers in failing to meet the monopoly problem. In Italy, in Germany, in Japan the same disastrous cycle of events transpired. The forces of monopoly became so entangled in their own web of greed that they were forced to turn to a Mussolini, and a Hitler, and a Tojo to extricate them.

Surely history would record this as our blindest hour if we failed to learn those lessons which have been shown to us in the blood and suffering of all the world.

We, as a nation, need not fear strength from without so long as we avoid weakness from within. Internal decay is our greatest foe. That was the hope of the fifth columns,

it is again the hope of the proletarian dictatorship. We are expected to succumb suddenly to our own capitalistic system and we cannot afford to close our eyes to the dangerous symptoms now apparent. Weakness from within is the real economic cancer which attacks and destroys great nations. As President Truman said in his inaugural address, "If we are to be successful . . . we must keep ourselves strong."

We have witnessed this spectacle in other countries and we must be alert to the possibility of the pattern forming within our own gate. The first symptom is unhealthy economic concentration which if allowed to progress, furnishes a fertile field for Communist doctrine.

A most effective way to fight communism is by removing the injustices upon which communism feeds.

Revolution cannot be manufactured alone by a politburo in Moscow. Revolution springs from an ever-present sense of economic and social injustice—an absence of hope and of faith.

When these conditions of unrest are present, the philosophy of the alternative makes little difference. Infectious insecurity will find expression in whatever demagogic doctrine is handiest—be it communism or something else.

The answer to these threats is not found in denying the existence of injustices nor by denouncing those who offer an alternative. A peoples' aspirations toward justice, freedom, and opportunity cannot be curbed in this way. The answer—and the only effective answer—is to assure justice, freedom, and opportunity to all. This the American system guarantees. Our strength still rests largely in the fact that our Government is established for the benefit of all the people. We believe in human dignity. Monopoly handcuffs the individual and enchains democracy. It is a tool of totalitarianism.

We must have vision—hindsight combined with foresight.

Some people saw the inevitable approach of World War II, and as we read certain books today and see there the clear warning they gave us we cannot refrain from wondering at the world's blindness. We also have similar warnings concerning our domestic situation.

The members of the National Temporary Economic Committee, in making their final report in March 1941, said: "It is quite conceivable that the democracies might attain a military victory over the aggressors only to find themselves under the domination of economic authority far more concentrated and influential than that which existed prior to the war."

And again that Committee warned us that there was "no hope of preventing the increase of evils directly attributable to monopoly . . . unless our efforts are redoubled to cope with the gigantic aggressions of capital which have become so dominant in our economic life." Surely no warning could be more clear. And we must heed this warning if we are to survive.

The people of this country have a right to expect that a sincere and vigorous effort will be made to reverse the trend toward concentration of economic power. Americans must have free and unrestricted economic opportunity.

Unless that can be done, our way of life is in grave and increasing danger. Just 20 years ago we stood by helplessly and watched what your illustrious former chairman, Hutton Sumners of Texas called "These voluntary guides who professed to know the way," as they led us into the most disastrous depression the world has ever known. It was serious then. We shall not permit a repetition now for that might be calamitous.

The strength of the world today depends to a major extent on the strength of the United States.

And the strength of the United States depends on the maintenance of a vigorous economy, free from the domination either of private greed or political dictatorship, but resting firmly on equality of opportunity in a competitive market.

This committee in the course of its study will undoubtedly inquire into the history and causes of economic concentration in the United States, and the extent and effects of that concentration. We should also know if the same forces which are supporting monopolistic trends in the United States are the supporters of the cartels of Europe. Monopolies and cartels don't just happen. They are carefully conceived and nourished by those who would substitute private control for competition.

A question you also will probably ask is—Are the antitrust laws effective; have they succeeded? A most significant fact, which in part answers this question, is that your committee is examining our economic practices within the framework of competitive principles. To my mind that is a clear demonstration that the Sherman Act has succeeded and is succeeding.

This success I am sure exceeds the expectations of those who enacted these laws. Certainly it is beyond the expectation of those critics who continually point to areas where competition is sluggish. Year after year they have made doleful predictions that our competitive system was riding to destruction. They are being made today. Nevertheless, I repeat, here we are, 60 years after the antitrust laws were passed, re-examining a system which is still fundamentally competitive. To my mind that spells out success, not failure.

The success of the antitrust laws is all the more significant when it is realized that, by comparison to the last 10 years, the first 50 years of their operation was largely a matter of sporadic and limited enforcement. There have, of course, always been in this country and in the Government individuals and groups who strongly urged more effective administration of the antitrust laws. I need not point out to you the direct relationship between effective enforcement of a law and adequate personnel and budget for its enforcement.

Even during the so-called trust-busting days of Theodore Roosevelt, a period which until about 10 years ago had reached the high-water mark of antitrust law enforcement, there were only 6 lawyers assigned to the enforcement of this law. At the present time the Antitrust Division has almost 300 lawyers. We have received generous support from Congress and this support is reflected in the results.

That antitrust enforcement is in direct proportion to the money allocated for it has been demonstrated by the record of the Antitrust Division during the past 2 years. During fiscal year 1948 we filed 34 antitrust cases. For the fiscal year 1949 we received an increase in our appropriation of approximately one million dollars and were thus able to file 57 antitrust cases, many of which are among the most important cases ever prosecuted under the antitrust laws.

Through the first 50 years of the antitrust laws, in other words, up until 1940, 479 antitrust actions were instituted by the Government. In the last 10 years from 1940 to date 508 cases have been filed. In other words, more antitrust actions have been brought in the last 10 years than were brought in the entire preceding 50 years.

You will be interested to know that our attention has been especially directed at the huge concentrations of economic power that threaten the economic democracy of this country. The heart of our antimonopoly program is the protection of the businessman and the consumer through the dispersion of monopoly power where it already exists, and

the dissipation of restraints of trade that lead to that monopoly power.

The restraints of trade—price fixing, patent and trade-mark abuses, cartels—are being attacked by seeking court injunctions which assure the end of such restraints, or by invoking the criminal penalties authorized by the Sherman Act.

When monopoly power actually is present and competition cannot be restored by less drastic methods, that power must be dissipated and rendered impotent. This can be accomplished only by the application of the remedies of divestiture, dissolution, or divorcement.

These remedies do not have as their aim the destruction of an industry. On the contrary, their aim is to restore active and vigorous competition to an industry that has become, in effect, under such centralized control as to have substantially eliminated any real competition. In seeking to split up monopoly power, it is the policy of the Antitrust Division to have each of the parts remain a strong, independent enterprise, capable of competing and of holding its own in the struggle for business.

We are proceeding actively with our actions to break up the aluminum monopoly; open up the channels of trade in the shoe-machinery industry, and break up the combines and integrations found in the movie industry. During 1949 we have brought action to compel the divorcement of American Telephone & Telegraph and its manufacturing subsidiary, Western Electric, which manufactures over 90 percent of all telephones, telephone apparatus and equipment sold in the United States. The suit further calls for the break-up of Western Electric itself into three competing concerns. Another pending case is the investment banking case in which we are seeking to eliminate a variety of restraints which have stifled competition in that field. We have also instituted an action against the 4 major meat packers, in which we seek to restore competition to the industry by dividing these defendants into 14 separate and competing companies. Only 10 days ago we filed what we consider one of the most important cases in the history of the Sherman Act when we instituted action to bring to an end the integration between three of the giants in their respective fields, namely, du Pont, General Motors, and United States Rubber Co. I could name many other examples in which we are currently attacking the monopolistic concentrations that threaten this country.

These are big cases. They will take time to try. It will cost money to try them. But they are of tremendous importance and significance to the welfare of this country. The issue in each is whether the economy of the United States shall come under the control of the few or whether it shall remain under the control of the many, operating democratically through the laws of competition.

The number of cases filed does not tell the whole story. During the fiscal year which ended on June 30, the Antitrust Division won 41 cases in the courts. Among these were the case against the Standard Oil Co. of California in which the Supreme Court held to be illegal exclusive-dealing contracts which the company had with some 6,000 independent filling-station operators; the criminal case in which the court of appeals held that A & P had abused its monopoly power; and the General Electric case in which a district court held that company, together with two others, had a monopoly of the incandescent-lamp business in the United States.

I do not want to suggest that the effectiveness of the antitrust laws is to be found solely in the cases prosecuted, any more than the effectiveness of a law against burglary is to be determined by the number of burglars who are apprehended and jailed. Like an

iceberg, the antitrust laws are seven-eighths under water. For every case in which an individual violates the law and is punished for it, there are hundreds of cases in which individuals who might otherwise engage in certain practices refrain from doing so because they are against the law. There are many others who amend their practices to conform to the law as it is developed through our cases. There is no way, of course, of evaluating the benefit to our economy from this aspect of antitrust law enforcement. We are ever vigilant to keep the channels of trade open so that every citizen may have the opportunity to enter the business of his choice without being subjected to an economic blackjack.

As a believer in democracy, I am greatly concerned by these current trends toward concentration and the increasing threats of monopoly. I am taken aback by the equanimity with which too many persons view these serious threats. It may be that they do not realize the seriousness of the situation. If that is so, this committee can perform a great service by letting the country know that it is, indeed, serious. Or it may be that the great majority of the people, including many in public life, are the victims of three assumptions—assumptions which, I am afraid, are as commonly held as they are erroneous. First, it is too often assumed that competition continues to thrive as long as there are at least two or three or four in the field. As I have indicated, in my opinion, this is not so. Secondly, it is assumed that the bigger the producer the better the quality of goods and the cheaper the price to the public. Thirdly, it is assumed that companies become big because they deserve to be big; in other words, that they outdistance their competitors because they do a better job, render greater service or furnish better goods. It may be that in some instances these assumptions are correct. Personally, I doubt if this is often true. In any event, this committee will have made a great contribution to the understanding of our economy if it can examine these matters and let the country know the truth.

It would be premature for me, at the outset of your investigation, to discuss in detail the suggestions that I might have or others might make, for legislation to implement the antitrust laws. Later on, you may desire to have the Department of Justice go into this phase of your investigation.

I wish to emphasize again the great service that your committee can render to this country by examining thoroughly the operation of the antitrust laws with particular reference to how they may be further strengthened. I shall follow your investigation with the greatest interest. I know the American people are equally concerned. The long-run welfare of this country will be very much in your hands during the next several weeks. I am being neither flattering nor over-optimistic when I say that I believe these difficult problems are in safe hands and that the responsibilities which your committee shoulder—and they are, I am sure you will agree, great responsibilities—will be discharged well.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. HARRISON (at the request of Mr. ABBITT), for Wednesday, July 13, on account of official business.

To Mr. KEOGH, for Thursday and Friday, July 14 and 15, on account of official business.

To Mr. RIEHLMAN, for Thursday and Friday, July 14 and 15, on account of official business.

To Mr. HALLECK (at the request of Mr. MARTIN of Massachusetts), indefinitely, on account of illness in his family.

#### SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1803. An act to authorize the attendance of the United States Marine Band at the Twenty-third Annual Convention of the Reserve Officers Association of the United States, to be held in Grand Rapids, Mich., July 27 through July 30, 1949; to the Committee on Armed Services.

#### BILLS AND A JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mrs. NORTON, from the Committee on House Administration, reported that that committee did on July 12, 1949, present to the President, for his approval, bills and a joint resolution of the House of the following titles:

H. R. 578. An act for the relief of Carlton C. Grant and others;

H. R. 599. An act for the relief of Victor R. Browning & Co., Inc.;

H. R. 623. An act for the relief of Sadako Takagi;

H. R. 2737. An act to establish the Medal for Humane Action for award to persons serving in or with the armed forces of the United States participating in the current military effort to supply necessities of life to the people of Berlin, Germany; and

H. R. 3127. An act to authorize the admission into the United States of Jacob Gross, a minor.

H. J. Res. 287. Joint resolution extending section 1302 (a) of the Social Security Act, as amended, until June 30, 1950.

#### ADJOURNMENT

Mr. PRIEST. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 11 minutes p. m.) the House adjourned until tomorrow, Thursday, July 14, 1949, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

767. Under clause 2 of rule XXIV, a letter from the Secretary of Agriculture, transmitting a draft of a proposed bill entitled "To stabilize farm income and farm prices of agricultural commodities at a fair level, and to provide an adequate, balanced, and orderly flow of agricultural commodities in interstate and foreign commerce," was taken from the Speaker's table, referred to the Committee on Agriculture, and ordered to be printed.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MANSFIELD: Committee on Foreign Affairs. H. R. 5535. A bill to amend the Philippine Rehabilitation Act of 1946; without amendment (Rept. No. 1028). Referred to the Committee of the Whole House on the State of the Union.

Mr. DAVIS of Georgia: Committee on Post Office and Civil Service. H. R. 5168. A bill to clarify the laws relating to the compensation of postmasters at fourth-class post offices which have been advanced because of unusual conditions; without amendment (Rept. No. 1029). Referred to the Committee of the Whole House on the State of the Union.

Mr. KEE: Committee on Foreign Affairs. H. R. 5602. A bill to strengthen and en-

courage the democratic forces in China by authorizing the Secretary of State to provide for the relief of Chinese students in the United States; without amendment (Rept. No. 1039). Referred to the Committee of the Whole House on the State of the Union.

Mr. SABATH: Committee on Rules. House Resolution 282. Resolution for the consideration of H. R. 5208. A bill to promote the rehabilitation of the Navajo and Hopi Tribes of Indians and the better utilization of the resources of the Navajo and Hopi Indian Reservations, and for other purposes; without amendment (Rept. 1040). Referred to the House Calendar.

Mr. WILLIAMS: Committee on Post Office and Civil Service. S. 1459. An act to amend section 6 of the Civil Service Retirement Act of May 29, 1930, as amended; without amendment (Rept. No. 1041). Referred to the Committee of the Whole House on the State of the Union.

Mr. PETERSON: Committee on Public Lands. S. 1323. An act to declare that the United States holds certain lands in trust for the Pueblo Indians and the Canoncito Navajo group in New Mexico, and for other purposes; with an amendment (Rept. No. 1042). Referred to the Committee of the Whole House on the State of the Union.

Mr. MURDOCK: Committee on Public Lands. H. R. 5113. A bill to authorize the Secretary of the Interior to complete construction of the irrigation facilities and to contract with the water users on the Buffalo Rapids project, Montana, increasing the reimbursable construction cost obligation, and for other purposes; without amendment (Rept. No. 1043). Referred to the Committee of the Whole House on the State of the Union.

Mr. REDDEN: Committee on Public Lands. H. R. 5207. A bill to amend section 50 of the Organic Act of Puerto Rico; with an amendment (Rept. No. 1044). Referred to the Committee of the Whole House on the State of the Union.

Mr. PETERSON: Committee on Public Lands. H. R. 5365. A bill to provide for the transfer of the vessel *Black Mallard* to the State of Louisiana for the use and benefit of the department of wildlife and fisheries of such State; without amendment (Rept. No. 1045). Referred to the Committee of the Whole House on the State of the Union.

Mr. MORRIS: Committee on Public Lands. H. R. 5232. A bill to amend the Road Act of May 26, 1928 (45 Stat. 750), authorizing appropriations for roads on Indian reservations; without amendment (Rept. No. 1046). Referred to the Committee of the Whole House on the State of the Union.

Mr. MORRIS: Committee on Public Lands. H. R. 5372. A bill to authorize the negotiation, approval, and ratification of separate settlement contracts with the Sioux Indians of Cheyenne River Reservation in South Dakota and of Standing Rock Reservation in South Dakota and North Dakota for Indian lands and rights acquired by the United States for the Oahe Dam and Reservoir, Missouri River development, and for other related purposes; with an amendment (Rept. No. 1047). Referred to the Committee of the Whole House on the State of the Union.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MORRIS: Committee on Public Lands. S. 1330. An act to authorize the sale of certain allotted inherited land on the Winnebago Reservation, Nebr.; without amendment (Rept. No. 1030). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 897. An act for the relief of William

Henry Tickner; without amendment (Rept. No. 1031). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. S. 1405. An act to provide for the admission to, and the permanent residence in, the United States of Poon Lim; without amendment (Rept. No. 1032). Referred to the Committee of the Whole House.

Mr. FELLOWS: Committee on the Judiciary. H. R. 1033. A bill for the relief of Mrs. Ethel Barrington MacDonald; without amendment (Rept. No. 1033). Referred to the Committee of the Whole House.

Mr. CHELF: Committee on the Judiciary. H. R. 2928. A bill for the relief of Dr. Leon L. Konchegul; without amendment (Rept. No. 1034). Referred to the Committee of the Whole House.

Mr. FELLOWS: Committee on the Judiciary. H. R. 3413. A bill for the relief of Alfred Baumgarts; without amendment (Rept. No. 1035). Referred to the Committee of the Whole House.

Mr. CASE of New Jersey: Committee on the Judiciary. H. R. 3837. A bill for the relief of Annie Balaz; with an amendment (Rept. No. 1036). Referred to the Committee of the Whole House.

Mr. GOSSETT: Committee on the Judiciary. H. R. 5155. A bill for the relief of Francesca Lucareni, a minor; without amendment (Rept. No. 1037). Referred to the Committee of the Whole House.

Mr. CASE of New Jersey: Committee on the Judiciary. H. R. 5160. A bill for the relief of Mrs. Giustina Schiano Lomoriello; without amendment (Rept. No. 1038). Referred to the Committee of the Whole House.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GORE:

H. R. 5617. A bill to authorize the Secretary of Agriculture to stabilize prices of agricultural commodities; to amend section 22 of the Agricultural Adjustment Act, reenacted by the Agricultural Marketing Agreement Act of 1937; and for other purposes; to the Committee on Agriculture.

By Mr. ANDREWS:

H. R. 5618. A bill to provide for the construction of post-office buildings in local communities where the residents purchase bonds in an amount sufficient to finance the construction cost, and for other purposes; to the Committee on Ways and Means.

By Mr. EVINS:

H. R. 5619. A bill to increase compensation for World War I presumptive service-connected cases, provide minimum ratings for service-connected arrested tuberculosis, increase certain disability and death compensation rates, liberalize requirement for dependency allowances, and redefine the terms "line of duty" and "willful misconduct"; to the Committee on Veterans' Affairs.

By Mr. FERNANDEZ:

H. R. 5620. A bill permitting the use for public purposes of certain land in Hot Spring, N. Mex.; to the Committee on Public Lands.

By Mr. FORAND:

H. R. 5621. A bill to increase individual income taxes above the first surtax bracket, to increase estate and gift taxes, to reduce or repeal certain taxes, and for other purposes; to the Committee on Ways and Means.

By Mr. LYNCH:

H. R. 5622. A bill to amend section 1606 of the Internal Revenue Code and grant permission to States to cover under State unemployment-compensation laws persons operating vessels under general agency agreements with the United States Maritime Commission and employees of such operators; to the Committee on Ways and Means.

By Mr. SMITH of Wisconsin:

H. R. 5623. A bill to provide that Federal judges shall not be compelled to appear as character witnesses, or to appear as witnesses where the testimony could be obtained from other sources; to the Committee on the Judiciary.

By Mr. TALLE:

H. R. 5624. A bill to amend section 60 (a) of the Internal Revenue Code; to the Committee on Ways and Means.

By Mr. CHIPERFIELD:

H. R. 5625. A bill to authorize and request the President to undertake to mobilize at some convenient place in the United States an adequate number of the world's outstanding experts, and coordinate and utilize their services in a supreme endeavor to discover means of curing and preventing cancer; to the Committee on Foreign Affairs.

By Mr. WHEELER:

H. R. 5626. A bill to clarify provisions of existing law relative to vocational training of veterans under Public Law 346, Seventy-eighth Congress; to the Committee on Veterans' Affairs.

By Mr. BARRETT of Pennsylvania:

H. R. 5627. A bill declaring May 1 of each year a legal holiday; to the Committee on the Judiciary.

By Mr. FOGARTY:

H. R. 5628. A bill to direct the Federal Works Administrator to convey certain land to the State of Rhode Island; to the Committee on Public Works.

By Mr. GRANT:

H. R. 5629. A bill to amend an act entitled "An act for the protection of the bald eagle," approved June 8, 1940; to the Committee on Merchant Marine and Fisheries.

By Mr. McDONOUGH:

H. R. 5630. A bill to provide for the return to the State of California of certain original documents and maps, known as the Spanish-Mexican land-grant papers, deposited in the National Archives; to the Committee on Post Office and Civil Service.

By Mr. SPENCE:

H. R. 5631. A bill to amend the National Housing Act, as amended, and for other purposes; to the Committee on Banking and Currency.

By Mr. SHORT:

H. R. 5632. A bill to reorganize fiscal management in the National Military Establishment to promote economy and efficiency, and for other purposes; to the Committee on Armed Services.

By Mr. REED of New York:

H. R. 5633. A bill to grant authority to the Commissioner of Internal Revenue to eliminate the oath requirement on certain internal revenue tax returns; to the Committee on Ways and Means.

By Mr. DAWSON:

H. J. Res. 297. Joint resolution authorizing Federal participation in the International Exposition for the Bicentennial of the Founding of Port-au-Prince, Republic of Haiti, 1949; to the Committee on Foreign Affairs.

#### MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of California relative to regulation of speedboats on Lake Tahoe; to the Committee on Merchant Marine and Fisheries.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN of California:

H. R. 5634. A bill for the relief of Anton (Antun) Karlo Marco Kocelj; to the Committee on the Judiciary.

By Mr. DONOHUE:

H. R. 5635. A bill for the relief of Calcagni & Belkin, Inc.; to the Committee on the Judiciary.

By Mr. KING:

H. R. 5636. A bill for the relief of Mrs. Blanche Mathews; to the Committee on the Judiciary.

By Mr. MULTER:

H. R. 5637. A bill to confer jurisdiction upon the Court of Claims to determine and render judgment for compensation to Franklin Hugh Ellison; to the Committee on the Judiciary.

By Mr. PETERSON:

H. R. 5638. A bill to provide equitable relief to Bruce B. Blackburn, doing business as Lake View Dairy Farm, supplying dairy products to the Army and Veterans' Administration; to the Committee on the Judiciary.

By Mr. WITHROW:

H. R. 5639. A bill for the relief of Ivan E. Townsend; to the Committee on the Judiciary.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1293. By Mr. NORBLAD: Petition of Mr. and Mrs. John Sharp, of Lafayette, Oreg., and 13 other citizens of Yamhill County, Oreg., urging passage of a bill to prohibit the transportation of alcoholic-beverage advertising in interstate commerce and the broadcasting of alcoholic beverage advertising over the radio; to the Committee on Interstate and Foreign Commerce.

1294. Also, petition of Cornelia May Fletcher, of Lafayette, Oreg., and 13 other citizens of Yamhill County, Oreg., urging passage of a bill to prohibit the transportation of alcoholic beverage advertising in interstate commerce and the broadcasting of alcoholic beverage advertising over the radio; to the Committee on Interstate and Foreign Commerce.

1295. By Mr. RICH: Petition of Eighth District Pennsylvania Dental Society in opposition to legislation which would enact a system of compulsory health insurance in the United States; to the Committee on Interstate and Foreign Commerce.

1296. By the SPEAKER: Petition of Outdoor Writers Association of America, Baltimore, Md., relative to highly commending the Hoover Commission Task Force on Natural Resources for its report; to the Committee on Expenditures in the Executive Departments.

1297. Also, petition of the American Legion, Department of Alabama, Montgomery, Ala., relative to extending the rights and privileges of veterans of World War II under title V of the Servicemen's Readjustment Act of 1944; to the Committee on Veterans' Affairs.

1298. Also, petition of National Aeronautic Association, Washington, D. C., relative to the relation of air power to national security; to the Committee on Armed Services.

1299. Also, petition of Order of the Sons of Italy in America, Philadelphia, Pa., requesting that the United States representatives in the United Nations be instructed to take the initiative in the admission of Italy in the United Nations; to the Committee on Foreign Affairs.

1300. Also, petition of the National Conference of Jewish Social Welfare, New York, N. Y., relative to stating its support to the President's civil-rights program; to the Committee on Education and Labor.

1301. Also, petition of Meda Mason and others, Aberdeen, S. Dak., requesting passage of H. R. 2135 and H. R. 2136, known as the Townsend plan; to the Committee on Ways and Means.